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FBIS-SOV-95-124 CONTENTS *28 June 1995*

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INTERREGIONAL AFFAIRS

Illegal Arms Trade Continues From Baltic States *[BNS]* 1
ITAR-TASS Carries Press Review for 28 Jun 1

RUSSIA INTERNATIONAL AFFAIRS

'Difficult' Talks Face Chernomyrdin, Gore *[IZVESTIYA 28 Jun]* 3
Yeltsin Ratifies Law on U.S. Customs Agreement *[ITAR-TASS]* 4
Economy Minister Interviewed on G-7 Results *[ROSSIYSKIYE VESTI 28 Jun]* 4
PRC Premier Li Peng Finishes Visit, Departs 6
- Further on Yeltsin-Li Peng Meeting *[ITAR-TASS]* 6
- Li Peng Talks to Journalists *[ITAR-TASS]* 7
- Agreement on PRC Nationalities *[ITAR-TASS]* 7
- PRC Premier Departs Moscow for Home *[ITAR-TASS]* 7
- IZVESTIYA Comments on Economic Ties *[28 Jun]* 7
- Visit Confirms 'New Relationship' *[ROSSIYSKIYE VESTI 28 Jun]* 8
- Prospects for Ties Said To Emerge *[KOMSOMOLSKAYA PRAVDA 27 Jun]* 9

Foreign Ministry Holds News Conference 27 Jun 10
- On UN Denunciation of Bosnian Muslims *[INTERFAX]* 10
- START-2 Representatives Named *[INTERFAX]* 10
- On Selling Arms to North Korea *[ITAR-TASS]* 11
- Cooperation With Egypt Against Terrorism *[ITAR-TASS]* 11

Iraqi Oil Minister on Agreement on Oilfields *[ITAR-TASS]* 11
Council Chairman Continues Visit to Romania 12
- Shumeyko on National Security System *[ITAR-TASS]* 12
- Speaks at News Conference *[ITAR-TASS]* 12

Moldovan President Snegur in Moscow for Summit 12
- Yeltsin Receives Snegur *[ITAR-TASS]* 12
- Press Service Issues Statement *[ITAR-TASS]* 13

Chernomyrdin Message to Armenia on Nuclear Plant *[ITAR-TASS]* 13
Krylov: No Territorial Concessions to Estonia *[INTERFAX]* 14
Vietnamese Delegation Head on 'Meaningful Talks' *[ITAR-TASS]* 14

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin, Republic Heads Discuss Situation *[ITAR-TASS]* 15
Press Statement on Yeltsin, Duma Factions' Talks *[ITAR-TASS]* 15
Yeltsin Aide Ilyushin Rebuts Talk of 'Crisis' *[ROSSIYSKIYE VESTI 28 Jun]* 15
Yeltsin Rejects 'Inadvisable' Laws *[ROSSIYSKIYE VESTI 28 Jun]* 17
Premier Promises 'Feasible' Political Targets *[ROSSIYSKIYE VESTI 27 Jun]* 17
Support for Chernomyrdin Seen Gathering Pace *[IZVESTIYA 27 Jun]* 18
Yeltsin Seen Taking Control of Groznyy Talks *[IZVESTIYA 28 Jun]* 21
Further on Yegorov's Views of Budennovsk *[Moscow RTV]* 21
Delegation in Groznyy Receives Greater Powers *[INTERFAX]* 22
Luzhkov on Moscow Security Measures *[INTERFAX]* 22
Zhirinovskiy Demands Powerful Unitary State *[PRAVDA 27 Jun]* 22
Early Dissolution, Elections Viewed *[ROSSIYSKIYE VESTI 28 Jun]* 24

Military Issues

Baltic Fleet Chief Warns of Problems *[STRAZH BALTIKI 14 Jun]* 25
Underfunding of Defense Sector Said Increasing *[KRASNAYA ZVEZDA 23 Jun]* 27

Federal Assembly

PRES Proposes Zero-Option Settlement to Duma *[ITAR-TASS]* 30
Political Situation Seen 'Not Hopeless' *[KOMSOMOLSKAYA PRAVDA 27 Jun]* 30
Isakov: Political Crisis 'Artificially' Provoked *[INTERFAX]* 31
Speaker Rybkin Starting Own 'Movement' *[KOMSOMOLSKAYA PRAVDA 27 Jun]* 31
Impeachment Move Aimed at Changing Political Course *[PRAVDA 24 Jun]* 34
Communists Secure Support For Impeaching Yeltsin *[INTERFAX]* 34
Federation Council 'Will Not Support' Impeachment *[ITAR-TASS]* 34
Constitutional Amendments Alter Balance of Power *[ROSSIYSKIYE VESTI 27 Jun]* 35

Regional Affairs

Talks on Settlement in Chechnya Resume in Groznyy 36
  Government Delegation Arrives *[ITAR-TASS]* 36
  Chechen Delegates Listed *[ITAR-TASS]* 36
  Sides Discuss Cease-Fire Implementation *[ITAR-TASS]* 37
Chechen Side in Talks 'At One With Basayev' *[KRASNAYA ZVEZDA 28 Jun]* 37
Volskiy Says Basayev in Pakistan; Views Threat *[INTERFAX]* 37
  Pakistan Ambassador Denies Report *[INTERFAX]* 38
  Medvedev: Basayev Whereabouts 'Unknown' *[INTERFAX]* 38
Basayev Threat of Terror if Talks Fail Viewed *[IZVESTIYA 28 Jun]* 38
MVD's Yegorov: Basayev 'Could Have Been Disarmed' *[IZVESTIYA 28 Jun]* 39
Justice Minister on Basayev Crimes, Duma Vote *[ROSSIYSKAYA GAZETA 27 Jun]* 39
Two Women in Basayev's 'Gang' Not Ukrainians *[ITAR-TASS]* 41
Dudayev Forces May Hand Over 'Rival' Basayev *[ROSSIYSKAYA GAZETA 27 Jun]* 42
Dudayev Forces Step Up Attacks on Federal Troops *[ITAR-TASS]* 43
North Ossetian Minister on Chechen Forces *[ITAR-TASS]* 43
Dagestan Seeks Federal Forces on Chechnya Border *[ITAR-TASS]* 44
Krasnodar Inhabitants Fear Repeat of Budennovsk *[TRUD 27 Jun]* 44
Former Krasnoyarsk Prosecutor Becomes 'Hero' *[IZVESTIYA 28 Jun]* 45
Tatarstan Intends To Begin Trading With Iraq *[ITAR-TASS]* 45
Law on Novosibirsk Administration Head Viewed *[VECHERNIY NOVOSIBIRSK 23 Jun]* 46

Economic Issues

Gazprom Seeks Control of Hard Currency Funds *[KOMMERSANT-DAILY 27 Jun]* 47
Duma Deputy Interviewed on Economic Prospects *[TRUD 24 Jun]* 47

UKRAINE

International Affairs

Nature of Kiev-Beijing Relationship Pondered *[PRAVDA 24 Jun]* 51
Bulgarian, Romanian Commanders Discuss Cooperation *[UNIAN]* 51
Kiev Ready To Compromise Over Border Issue *[UNIAN]* 51
Helicopter Detachment Prepared for Yugoslavia *[UNIAN]* 52

National Affairs

UNA-UNSO Discusses Goals With Chechen Officials *[VSEUKRAINSKIYE VEDOMOSTI 22 Jun]* 52
UNA-UNSO's Increasing Influence Assessed *[VSEUKRAINSKIYE VEDOMOSTI 24 Jun]* 53
Kuchma Deplores Dismissal of Prosecutor General *[UNIAR]* 54
Kuchma Calls For 'Immediate Reform' of Economy *[INTERFAX]* 54
Kuchma Tours Transcarpathian Oblast *[UKRINFORM]* 55
Interior Minister on Corruption, National Guard *[IMENEM ZAKONU 23 Jun]* 55
Kuchma Decree To Combat Crimean Crime Situation *[Kiev TV]* 56
Deputy Premier Stresses Crime Factor in Clashes *[INTERFAX]* 57
'Inertia' of Militia, Security Service Assailed *[UNIAN]* 57
Split, Tensions Among Crimean Tatars Viewed *[VSEUKRAINSKIYE VEDOMOSTI 22 Jun]* 57
Political Forces Said Exploiting Tatar Unrest *[TRUD 27 Jun]* 59
Further on Crimean Election Results *[INTELNEWS]* 60

Economic Issues

Decree 'On Privatization Measures' Detailed *[INFOBANK]* 60
Foreign Investors To Participate in Privatization *[INTERFAX]* 60
Industry Ministry Offsite Session Detailed *[VSEUKRAINSKIYE VEDOMOSTI 20 Jun]* 61
Insurance Industry Reform, Investment Viewed *[INTELNEWS]* 63

WESTERN REGION

Belarus

Lukashenka Addresses Slavic States' Governors *[VO SLAVU RODINY 24 Jun]* 67
Lukashenka Speaks at Defense Collegium *[Minsk Radio]* 68
Delegation Ends Visit to UK, Netherlands *[Minsk Radio]* 68
Deputies Accused of Election Irregularities *[Minsk International]* 68
Communists Seek Solution to Parliamentary Crisis *[PRAVDA 24 Jun]* 69
'Belaya Rus' Proposes Dual Citizenship Referendum *[BELAPAN]* 69
Trade Unions Prepare for 'Mass Protest Actions' *[BELAPAN]* 70

Moldova

Grachev Ends Visit, Departs for Home *[Moscow RTV]* 70
Grachev Details 14th Army's Withdrawal Plans *[INFOTAG]* 70
    Further on Plans for 14th Army *[INTERFAX]* 71
Snegur, Delegation Leave for Moldovan-Russian Summit *[INFOTAG]* 71
    Snegur Previews Talks With Yeltsin *[INTERFAX]* 72
Council of Europe Assembly Vote Hailed *[INFOTAG]* 72
Oil Prospecting Accord With U.S. Company Rejected *[INTERFAX]* 72
Snegur Explains Reasons for Leaving Ruling Party *[INFOTAG]* 73

CENTRAL ASIA

Kazakhstan

Military Communications Agreement Signed With Russia *[ROSSIYSKIYE VESTI 27 Jun]* 74
Presidential Aide Krupenev Under Arrest *[NOVOYE POKOLENIYE 24, Jun]* 74
  Krupenev on Arrest, Appeal *[KARAVAN 23 Jun]* 74
State Position on Karmetkombinat Clarified *[KAZAKHSTANSKAYA PRAVDA 24 Jun]* 75

Tajikistan

Official Group Returns From PRC Visit *[Dushanbe Radio]* 76
Rakhmanov Demands Improvement in Crime Prevention *[Dushanbe Radio]* 76
President's Decree Lifts Export Restrictions *[ITAR-TASS]* 77
Government To Adopt Persian as Formal Script *[Tehran IRNA]* 77

Turkmenistan

Iran's Foreign Minister Arrives on Visit *[Tehran IRNA]* 77
  Niyazov Meets With Velayati *[Tehran TV]* 77
Foreign Ministers Sign Trilateral Cooperation Accord *[ITAR-TASS]* 78
Growth Reported in Foreign Economic Activities *[TURKMEN PRESS]* 78

Uzbekistan

Freedom of Movement Memorandum Signed With U.S. *[PRAVDA VOSTOKA 27 Jun]* 79
Kuchma, Karimov Emphasize Closeness of Views *[PRAVDA 24 Jun]* 79

CAUCASUS

Armenia

Chernomyrdin Sends Congratulations on Reactor *[Yerevan Radio]* 80
Ghukasyan 'Satisfied' With Helsinki Negotiations *[ARAGIL ELECTRONIC NEWS BULLETIN]* 80
Chairman Outlines 'Mission' Party Goals *[RESPUBLIKA ARMENIYA 22 Jun]* 80

Azerbaijan

State Adviser Comments on Talks in Washington *[Baku TV]* 82
Activities of Iranian 'Missionaries' Cause Concern *[TURAN]* 82

Georgia

Shevardnadze on Azeri Oil Transportation *[INTERFAX]* 82
Ardzinba on Talks on Abkhaz Peacekeepers *[SAKINFORM]* 83
Chechen Terrorist Basayev Reported in Abkhazia *[INTERFAX]* 83
Official Outlines Ajarian Economic Reforms *[DELOVOY MIR 8 Jun]* 83

BALTIC STATES

Estonia

Agreement on Territorial Waters Endorsed *[Tallinn Radio]* 85
Amendments Adopted to Law on Foreigners *[Tallinn Radio]* 85
Defense Force Commander on Strategy Issues *[Tallinn Radio]* 85
Vahi on Cabinet Desire To Cut Spending *[BNS]* 85

Latvia

NATO Commander Joulwan Arrives in Riga *[ITAR-TASS]* 86
Latvia Named as Main Conduit of Arms to Russia *[Riga Radio]* 86
Baltic Accord on Illegal Immigrants Approved *[Riga Radio]* 86

Lithuania

NATO Commander Impressed by Army 'Enthusiasm' *[Vilnius Radio]* 86
  Joulwan: NATO No Threat to Russia *[INTERFAX]* 86
Brazauskas on Cannes Summit, Entry to EU *[Vilnius Radio]* 87
Foreign Ministry Protests to Latvia on Oil Talks *[ITAR-TASS]* 87

Illegal Arms Trade Continues From Baltic States

WS2806083095 Tallinn BNS in English
1900 GMT 27 Jun 95

[FBIS Transcribed Text] Riga/Tallinn, Jun 27, BNS — The center of illegal arms trading to Russia in the Baltic region is gradually shifting from Estonia to Latvia, but illegal shipments across the Estonian-Russian border show no sign of abating as some 2,000-3,000 TT [expansion unknown] handguns are said to be ready in Estonia for delivery to Russia.

Arms traders say, however, that the amount of illegal guns taken across the Estonian-Russian border has shrunk lately because of stepped-up controls on both sides of the border.

But also the buyers are new, arms traders, speaking on condition of anonymity, told a BNS correspondent. While most buyers earlier came from the Caucasus region of the former Soviet Union, the majority of weapons transited through Estonia now go to Moscow.

"It almost seems as if they were getting ready for a war there," a trader in Tallinn said. He added, however, that he didn't know if the buyers in the Russian capital were selling the guns on the spot or distributed them in other regions.

A source in Riga said changes in the structure of illegal arms trading in the Baltics were due to the fact that former market leaders were running out of supplies left behind by the Russian troops and also because of more effective work of the border guards.

Starting from 1992 until very lately, traders of illegal arms in Latvia were mainly selling the supplies stolen by Russian military from the depots of their troops during the withdrawal process. As those supplies gradually came to an end, the traders began selling arms smuggled into the country. But also locally made weapons parts, particularly silencers, are in demand, traders say.

ITAR-TASS Carries Press Review for 28 Jun

LD2806053195 Moscow ITAR-TASS in English
0505 GMT 28 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 28 (ITAR-TASS) — Today's newspapers concentrate on the situation in Chechnya and related events. Reporting Tuesday's consultations between President Boris Yeltsin and members of the government delegation at the talks in the Chechen capital Groznyy, the IZVESTIYA newspaper notes that the president's address to use more actively political means rather than force to stop the war in Chechnya "were not phoney words".

In IZVESTIYA's opinion, Yeltsin "decided to take control over the talks in Chechnya and not to lose a chance to win political dividends even at the first signs of progress at the talks in Groznyy".

The same newspaper carries a report from the Chechen capital, noting that life is reviving in the semi-destroyed city: "People are scurrying among ruins, numerous makeshift markets are open and motor traffic is heavy enough on thoroughfares damaged by armoured personnel carriers. Shops, hairdressing saloons, photographer's studios and even trourist firms are open in semi-destroyed buildings.

The Army newspaper KRASNAYA ZVEZDA carries an article entitled "Alfa headed for real destruction", analysing actions of this elite commando unit in Budennovsk. Alfa commanders stated right away that a storm would result in the death of hundreds of people, the daily notes.

"However, they could not disobey orders. They faced a situation for the third time over the past five years when decisions taken by top leaders were outside the framework of reasonable actions.

"The group found a way out of such situations on two occasions — in 1991 and 1993. The third refusal would not have been forgiven to them," the newspaper writes.

PRAVDA carries an interview with speaker of the Federation Council (Russian parliament upper chamber) Vladimir Shumeyko where he replied to a question on whether he would run for the presidency, the following way: "I tour regions, and many tell me: when time comes to collecting signatures, we shall do it for you.

"If they honour their words, and collect one million signatures, it means that I will join the presidential race".

In an interview with the TRUD newspaper, chairman of the Russian Constitutional Court Vladimir Tumanov noted that he is very worried over the future of the legal and judicial systems. "Regionalism and federalism as well as their combination are a good thing, of course. However, the country should have single legal space and a united judicial system," Tumanov stressed.

Under the headline "What happened and did not happen in Halifax", the ROSSISKIYE VESTI newspaper features an interview with Economics Minister Yevgeniy Yasin who said: "Halifax showed quite clearly that the president of Russia and, consequently, the country itself enjoy a great presitge among leading Western countries and exert strong influence on the development of international events".

In the minister's opinion, "Russia does not need aid as such. Russia needs another thing: creation of equal con-

'Difficult' Talks Face Chernomyrdin, Gore

MM2706150195 Moscow IZVESTIYA in Russian 28 Jun 95 pp 1-2

[Report by Vladimir Nadein: "Gore-Chernomyrdin Commission: Tough Dialogue Ahead Against Background of Embraces in Space"]

[FBIS Translated Text] Washington — Space, the magic wand of Russian-U.S. cooperation, will bestow on the fifth session of the Chernomyrdin-Gore intergovernmental commission one of its most magical strokes. At the moment when one-third of the top officials in the Washington administration, headed by the vice president, sit at the conference table with their colleagues from the Moscow administration, the "Atlantis" will dock with the "Mir" orbital station. And although the problems of space cooperation have been postponed to the second day of the discussion, the embraces in orbit will form a congratulatory introduction to the difficult talks.

There can be no doubt that they will be difficult. In past years the White House has promised the Kremlin far more than it is able to give. Pressed on all sides by Congress, where the Republicans set the tone, the U.S. Administration sorrowfully observes how quickly the stingy legislators strip bare the carrot of economic aid.

The subsidies for the construction of housing for officers of the units withdrawn from the Baltic are dead and buried.

The halved Nunn-Lugar program, which partially covered the expenses of the four post-Soviet nuclear states, has been pushed into a distant corner of the budget freezer.

The mighty aircraft-building concern Boeing is intriguing with all its might (and highly successfully) against the billion in credit which America's Eximbank has already promised in order to equip the new wide-fuselage Il-96 with Pratt and Whitney engines.

Arbitrarily interpreting fickle legislation, the government-owned U.S. enrichment corporation is refusing to pay one-third of the $12 billion that was supposed to be paid into the Russian treasury for 500 tonnes of weapons-grade uranium destined for reprocessing into reactor fuel. This $12 billion is clearly stipulated in an agreement signed by President G. Bush. But the tail is wagging the dog, and the wagging could cost Russia $4 billion. It is important to specify that in this case it is not a question of the expert aid that is set aside in substantial measure to pay their own experts' wages. It is a question of cash.

Meanwhile the United States demands that Russia abandon the delivery of nuclear reactors to Iran, despite the fact that this deal is impeccably in accordance with international legislation. As if that was not enough, the Americans intend to persuade Moscow to agree to a southern option for the transportation of Caspian oil — via Georgia, Armenia, and Turkey. Naturally, by way of justification they cite Chechnya, through which the shortest route to the oil terminal at Novorossiysk passes. But if Chechnya did not exist, other pretexts would be found. Washington experts believe that "powerful U.S. national interests" are associated with enabling the Caspian's energy riches, which are only slightly inferior to the unparalleled oil wealth of Saudi Arabia, to reach the world market without going via Russian territory.

Never before have high-ranking U.S. officials been so reticent on the eve of talks with the new Russia as they are now. Vice President Gore, who took part in the popular Sunday CBS television program "This Week With David Brinkley," was not asked a single question connected with his trip to Moscow. Not a word about the nuclear reactors, not a mention of the NATO "Partnership for Peace." It is quite clear that such a striking lack of curiosity on the part of usually highly exigent interviewers could only have been possible at the firm insistence of the vice president himself.

At a briefing for foreign journalists given by a high-ranking spokesman for the administration in connection with the Moscow session of the Chernomyrdin-Gore commission, the same atmosphere of leaving things unsaid prevailed. The spokesman said that the most acute problems, such as the reactors for Tehran or the lifting of "Cold War" restrictions in connection with the activities of the notorious COCOM, will be discussed not at plenary sessions, but in a personal conversation between the heads of delegations.

On the first day, questions connected with trade, co-production, and the main investment projects and ideas, and energy problems will be discussed. This is where there is the greatest number of unresolved problems and the most political fog. It will not be at all easy for the Russians to work out where the limits of the administration's true potential lie. Is the White House really powerless to curb the U.S. enrichment corporation, which is theoretically under its jurisdiction and actually owned by it? Is Energy Secretary Hazel O'Leary really able to remove Timbers, the president of the corporation, yet unable to make him implement an international treaty? "I believe that by the time we leave the farewell dinner in Moscow on Friday we will have closed this issue," O'Leary predicted optimistically in an interview in THE WASHINGTON POST.

Meanwhile the first consignment of uranium from warheads has already been delivered to the United States, the second is on its way, Timbers does not intend to pay the money in full, and Russian Atomic Energy Minister V. Mikhaylov is publicly abused in Washington for being "prickly and inflexible." At the same time half-whispered rumors are being spread, on condition of anonymity, to the effect that he has a personal interest in the Iran deal.

The second day will bring relief to both delegations. Questions of science and technology, space cooperation and the two countries' participation in the creation of an international space station, and the problems of health care and environmental protection will be discussed. of course, there are hazards here too, such as the pollution of the Arctic, where Russia's role is one of outstanding destructiveness, with incidents like Usinsk. But everyone realizes that this is not through malice, but poverty and trouble, so no skirmishes are foreseen.

The creation of a joint committee on agriculture, which both sides have been approaching for a long time, also involves not real implementation, but plans, sometimes remote plans. Politicians do not usually come into conflict over the remote future.

On the eve of the Moscow session the American press is carrying highly laudatory commentaries on the activities of Russian premier V. Chernomyrdin, noting his growth as a politician playing an increasingly independent role. A second no-confidence vote in the Duma is considered here to be not very likely, and — most important — to have no very direct connection with Chernomyrdin's own political prospects.

Yeltsin Ratifies Law on U.S. Customs Agreement

LD2806092895 Moscow ITAR-TASS World Service in Russian 0851 GMT 28 Jun 95

[FBIS Translated Text] Moscow, 28 Jun (ITAR-TASS) — Boris Yeltsin yesterday signed a law, "On the Ratification of the Agreement between the Government of the Russian Federation and the Government of the United States on the procedure for customs formalities and the duty-free import of goods being transported in the framework of Russo-American cooperation, in the sphere of research and the utilization of outer space for peaceful purposes." This was announced today by the presidential press service.

The agreement was signed in Moscow on 16 December 1994.

Economy Minister Interviewed on G-7 Results

MM2806111295 Moscow ROSSIYSKIYE VESTI in Russian 28 Jun 95 p 3

[Interview with Economy Minister Yevgeniy Yasin by Yuriy Popov, date and place not given: "What Did Happen and What Did Not Happen in Halifax" — first paragraph is editorial introduction]

[FBIS Translated Text] Our correspondent Yuriy Popov asked Economy Minister Yevgeniy Yasin, who took part in the preparation of the Halifax summit on President Boris Yeltsin's instructions, to describe the meeting of the eight countries' heads of state. We publish his replies to the editorial office's questions.

[Popov] Yevgeniy Grigoryevich, you were one of the sherpas, the president's personal representative in Vancouver and Toronto preparing the meeting in Halifax which you attended. In your opinion, is it fair to state, as some politicians and observers have, that our country was the "poor relation" at the talks who was only allowed into the lobby or at best was allowed to sit on the edge of the seat?

[Yasin] Leaving aside the political speculation here, such assertions (they are totally unfounded, by the way) were probably due to the fact that the G-7 economic talks took place without us. However, it should be borne in mind that we presented our proposals during the preparation of the final document of the economic part of the meeting. In addition, at the working dinner that same day, Boris Yeltsin discussed global economic problems along with everyone else and briefed the G-7 on our ideas. The next day, 17 June, as is well known, we took full part in the discussion of political questions and prepared what was in effect a G-8 political declaration. But if you measure our participation in the exchange of opinions in terms of time, you will see that our participation was three times greater than in Naples.

Is it possible, therefore, to speak of Russia's taking a "back seat" or sitting on the "edge of the chair"? I see nothing reprehensible in the fact that Russia is not yet a full-fledged member of the economic half of the summit. It is not a matter of anyone's denying it admission or discriminating against it. We ourselves understand that our economy needs major restoration work and that we do not have the potential to undertake economic commitments equal to those of the leading world countries. That is why we are not trying to force the pace of our participation in the solution of certain global economic problems on equal terms with the others. For example, the G-7 discussed the need for additional IMF funds. We are currently asking for money; we are not able to lend it to anyone.

At the same time I witnessed the very favorable attitude toward us from all the G-7 countries, which expressed support for the Russian course of reforms and showed full understanding of our problems. We have absolutely no reason to feel that our dignity has been impugned in any way.

[Popov] Nevertheless, was it necessary to go to Halifax, or did national interests and the acute situation in the south of the country not demand the president's presence at home? What is your opinion?

[Yasin] I say with complete sincerity and the utmost conviction that it was indeed profound national interests that tilted the balance in favor of going to Halifax. To cut a long story short, it was Russia which received greatest benefit from the meeting.

I will explain why that is. The preliminary talks before the summit and at the summit itself among the G-7 countries were very difficult. The pretty serious internal contradictions, the lack of common approaches to the solution of such international problems as the reorganization of the United Nations, the IMF, the World Bank, the settlement of currency questions, and so forth clearly clashed with differences in the countries' interests. They were reluctant to involve Russia in the discussion of such contentious problems largely because they did not want to reveal those contradictions. And their predominant principle of consensus when it comes to admitting a new member would have complicated the situation even more.

In my view the G-7 reached agreement on few things among themselves but the joint communique was formulated in such a way as to hide the disagreements among them.

[Popov] But what did we achieve?

[Yasin] First and foremost, participation in the discussion of global problems. Considerations of prestige were also reflected in that. At the working dinner on the day that Boris Yeltsin arrived in Canada he spoke about such problems and said that they could not be resolved without Russia's participation. The other heads of state agreed with that.

Later we put forward a series of proposals on matters affecting our interests. First and foremost, of course, the settlement of the Russian debt. The time has also come for us to be admitted to other important international organizations — the World Trade Organization [WTO], the Organization for Economic Cooperation and Development [OECD], and the Paris Club. The communique adopted before our president's arrival notes: The Western countries consider the all-embracing and multilateral restructuring of the Russian debt appropriate and timely. Back at the beginning of June a session of the Paris Club decided that such talks would begin in the fall this year. It was also recognized that Russia should join the Paris Club as a creditor, after due preparations, of course: Talks must be held with the main debtors to establish the rate at which they will settle their accounts with us, and so forth. The communique also spoke of Russia's interest in cooperation with the WTO and the OECD.

[Popov] You say — quite rightly, furthermore — that we are still not strong enough economically to assume responsibility for the state of the world economy on equal terms with the most developed countries. But in trying to join the Paris Club are we not trying to take a place at the same table too quickly, thus bypassing the stage we have just entered?

[Yasin] Not, we are not being too quick. After all, we are not only debtors but creditors, too. We are owed considerable sums. If we become a member of the Paris Club we will be able to take loans on the same basis as its other members, and that will improve our position. For example, international rules will apply in dealings with Ukraine, Belarus, Georgia, and other CIS members: There is a rule that other creditors should not suffer when debts with a creditor are settled. For example, if Ukraine wants to settle accounts with the United States first, thus making Russia wait patiently until its turn comes, that will not meet with support from the Paris Club members.

[Popov] Several times you have mentioned the working dinner where our president spoke on global issues. How did he himself assess Russia's participation in the discussion of the economic part of the summit's program?

[Yasin] Boris Nikolayevich was satisfied with the evening discussion. All the ideas in his speech have passed the endurance test. And even though the dinner was restricted to a narrow circle of heads of states (the only other people there were the interpreters), the president said afterward that his position on our country's admission to the world market, the lifting of trade barriers, and the payment of our debt in definite, preset tranches over 20-25 years was accepted.

The president stressed that Russia's role was not that of a supplicant going around with outstretched hand. Its problems are interlinked with global problems which have to be resolved by joint efforts.

[Popov] On the eve of the meeting the press wrote about possible new initiatives from Moscow. Were there any?

[Yasin] I would like to note that the president's offer to hold a nuclear security conference in Moscow received universal attention in Halifax. This initiative had not been discussed before. Nevertheless, everyone immediately accepted the idea and the next day it was at the center of the discussion. The issue was already not one of whether or not it should be held but of organizing the agenda and date of the new summit so that all the heads of states could attend.

In short, against the background of the general decisions in Halifax our proposal was a very noteworthy factor which made the talks more productive.

[Popov] Many people predicted that we would face inevitable difficulties connected with Chechnya in the Canada dialogue. But is it not the case that not only did no one treat Russia condescendingly, they also took note of all its proposals?

[Yasin] Virtually all of them, unquestionably. Chechnya, of course, made our position more difficult — it was discussed, but not at all in the tone or form that some of our politicians had predicted. The statement by meeting chairman Jean Chretien made no mention of the Chechnya events at all. They were mentioned only in his verbal comments.

Halifax showed for all to see that the Russian president and therefore Russia itself enjoy great respect among the leading Western countries and exert a powerful influence on the course of international events. Its opinion is heeded in the world.

[Popov] When thinking of the Tokyo summit, one cannot help wondering: Will the results of Halifax not be the same as those of Tokyo — plenty of promises but few deeds?

[Yasin] I disagree with the assessment of the Tokyo dialogue that they promised us much but gave us nothing. In fact the West has given us a very great deal. The annual restructuring of the foreign debt alone has allowed us to repay not $15 billion to $20 billion a year but several times less than that. In addition, Russia has received substantial new credits — from international organizations and on a bilateral basis. Had it not been for all those things the country would not now be able to raise the question of financial stabilization and we would have been in dire straits.

As for the recent summit, we have not asked for anything since Naples. Our position is different now: We do not need aid in the direct sense of the word. Russia needs something else: the establishment of equal conditions in world economic affairs and integration into that economy. As you can see, this is a fundamentally different way of putting the question.

I will say frankly that for the Western countries this minor matter is more difficult than providing any other kind of material aid, two-thirds of which is spent in those states themselves. Now we are talking about opening up the market and admitting a new competitor with all the consequences that this implies. For example, the discussion between the Ilyushin company and Boeing on the U.S. Export-Import Bank credit has been dragging of for several months now. Boeing believes that these funds could be used to sustain U.S. exports instead of supporting Russian business.

We have ceased to be adversaries and have become partners, but even in partnership there is competition. Establishing business ties is a difficult matter. It requires greater patience, flexibility, and expertise. The way that Russia's relations in the world market develop depends not only on our partners but also on us ourselves and on how quickly and successfully we manage to restructure our economy.

PRC Premier Li Peng Finishes Visit, Departs

Further on Yeltsin-Li Peng Meeting

LD2706185295 Moscow ITAR-TASS in English 1833 GMT 27 Jun 95

[By Andrey Kirillov and Vladimir Solntsev]

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — President Boris Yeltsin and Premier Li Peng met in the Kremlin today to agree on large-scale cooperation in developing natural gas fields in Siberia, the Chinese Premier told journalists who covered his official visit to Russia.

According to Li Peng, Japan and South Korea will probably participate in implementing the project. "We also discussed military-technical cooperation. I must say that the results satisfy us," the Premier said.

Li Peng said his talks with Prime Minister Viktor Chernomyrdin a day before centered around bilateral trade and economic cooperation. "I think that our talks produced rich results," he said.

The Premier said Russia and China were mutually complementary economically. Even though the volume of trade between the two countries was not considerable at present, they have great potential in this sphere, Li Peng stressed. He said Russia and China agreed to settle their trade accounts in hard currency and gradually give up barter in order to switch to more progressive forms of trade in line with international practice.

"We are for direct trade between major, strong and prestigious forms," Li Peng said stressing that as a result

Russia and China would be able to purchase high quality inexpensive products.

"We spoke about cooperation in the field of nuclear energy. Russia is prepared to supply us with a nuclear power station with guaranteed safety," he said. China welcomed Russia's desire to participate in the construction and engineering of a hydro-power station in the area of "Three gorges."

Li Peng Talks to Journalists

LD2706195395 Moscow ITAR-TASS in English 1913 GMT 27 Jun 95

[By Andrey Kirillov and Vladimir Solntsev]

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — Partnership relations between China and Russia "are not directed against any third country," Premier Li Peng told a group of journalists here today.

According to Li Peng, China attaches "exclusive significance" to the development of relations with Russia which is "our close neighbour and has the most extensive common border with us."

He said China and Russia will not interfere in each other's internal affairs and stressed Beijing's desire to upgrade the development of traditional friendship with Russia which has a long history.

According to the Premier, China is seeking to maintain relations of good-neighbourliness and friendship not only with Russia but also with "other countries which surround us."

Li Peng did not specify which Western countries he meant when he said "there are some states which teach others how they should live and what social system they should choose. I think that if we allow a small group of states to dominate the whole world, there will be no peace in the world and peace will not be secured."

"We believe that multi-polarity will ensure more reliably peace in the whole world," the Premier said. He added that "China is against intervention in other countries' internal affairs, no matter where it comes from and what form it manifested itself in."

As concerns Chinese reform experience which evokes great interest in Russia, Li Peng noted that China's experience consisted in a correct approach to three factors: development, reform, and stability.

"Development is our ultimate goal and it implies the economic development and a higher level of living for the people. Reform is a motive force of a kind, and stability refers to the necessary conditions under which both the development and reforms take place," the Premier said.

He stressed that "the political situation in China is stable, and it provides a reliable ground for our economic development."

Agreement on PRC Nationalities

LD2806115895 Moscow ITAR-TASS World Service in Russian 0919 GMT 28 Jun 95

[By ITAR-TASS diplomatic correspondent Andrey Kirillov]

[FBIS Translated Excerpt] Moscow, 28 Jun (ITAR-TASS) — Another document has been added to the solid package of Russian-Chinese documents signed during the visit to Russia by Li Peng, premier of the PRC State Council, which ended this morning. An agreement has been signed on cooperation between the Russian Ministry of Nationalities Affairs and Regional Policy and the PRC State Nationalities Affair Commission. The agreement, the first of its kind with a foreign state, was signed by Russian Vice Premier Nikolay Yegorov and PRC State Councillor Ismail Amat, the heads of these departments. [passage omitted: Ismail Amat says Russian minority in China enjoys same rights as other minorities]

PRC Premier Departs Moscow for Home

LD2806053795 Moscow ITAR-TASS World Service in Russian 0528 GMT 28 Jun 95

[By ITAR-TASS diplomatic correspondent Vladimir Fedoruk]

[FBIS Translated Excerpt] Moscow, 28 Jun (ITAR-TASS) — PRC State Council Premier Li Peng left for his home country today, having completed an official visit to Russia which, in the unanimous opinion of both sides, "has been fully successful." Russian Premier Viktor Chernomyrdin saw Li Peng off from the Vnukovo-2 Airport in Moscow. [passage omitted: during his visit Li Peng had meetings with Yeltsin, Chernomyrdin, and Rybkin, signed several agreements]

IZVESTIYA Comments on Economic Ties

MM2806092995 Moscow IZVESTIYA in Russian 28 Jun 95 p 3

[Report by Aleksandr Platkovskiy: "There Are No Special Relations With Beijing. But the Attitude Toward It Is Special"]

[FBIS Translated Text] Talks have been held in Moscow with PRC State Council Premier Li Peng. Questions of a strictly practical nature were discussed, such as the construction of a bridge over the Amur, joint nature conservation work, fire-fighting, and the extradition of criminals, as well as various aspects of trade and economic cooperation. By all accounts the Russian premier had to make an effort to rise above the stormy internal political events and cast his eye on the horizon of Russian-Chinese relations. A certain boom has been observed in them in the past few months.

Political contacts between Moscow and Beijing have never been as intensive as they had been in the time of the "great friendship" in the 1950's. The foreign minister, the defense minister, the minister of internal affairs, and the minister for atomic energy have visited China one after the other. First Vice Premier Oleg Soskovets and Federal Border Service Director Andrey Nikolayev have canceled their visits at the last moment for various reasons.

The intensive schedule of visits has not been part of a large-scale action to establish some kind of special relations with China, as the Western has started to suspect. All the trips have been routine, our diplomats have been explaining, and have compensated for the lull in contacts in previous years.

The level of political dialogue between the leaders of the two countries has risen so much that it has enabled Boris Yeltsin to state following the May meeting with PRC Chairman Jiang Zemin that there are no problems in relations with China. It is believed that the future of the two countries now depends to a decisive extent on the expansion of economic ties.

This year experts from the Ministry of Foreign Economic Relations are expecting an impressive growth — by over $1 billion — in the commodity turnover with China as compared with last year, when, as we know, there was a fall of 30 percent in trade relations. According to our specialists, this year trade will be stripped of its entire random and irrational aspect, which was introduced by "shuttles" [cross border small-scale traders] and dilettantes in commerce. The volume of the commodity turnover may reach $6 billion, and this, so the Ministry of Foreign Economic Relations believes, will be the limit in the increase of the physical volume of trade. The next phase is the development of more complex forms such as a cooperative system, investment, and the export of technologies.

At the talks in Moscow, according to our reports, the question of the participation of banking capital not just in the funding of export-import operations, but also in granting credit guarantees and insuring major deals, was discussed. The heads of governments reached agreement on the complete transfer of mutual deals to freely convertible currency. Private banks have become seriously interested in work on the Chinese market. "Inkombank" and "Rossiyskiy Kredit" have already conducted talks on opening their own offices in Beijing and Shanghai.

China is becoming the main customer in the Russian processing and mechanical engineering industry. The proportion of finished goods in Russian exports is one of the highest — up to 40 percent. When the contract for the construction of the nuclear electric power station in the province of Liaoning starts being carried out (this is expected in October), orders for the supply of military-technical output to China start increasing, and also the proposed participation by Russian enterprises in the construction of "Three Gorges," the largest hydrotechnical complex in the world, on the river Yangtze, begins, our industry will be given substantial support. Incidentally, according to Western assessments, around 200 enterprises in our defense industry are now busy with Chinese orders.

Meanwhile Beijing is keeping a close eye on the wave of anti-Chinese sentiment creeping from the Russian Far East to beyond the Urals. In Vladivostok and Khabarovsk the local authorities are talking seriously about the threat of demographic and territorial expansion on China's part. A worrying symptom is Premier Li Peng's giving up the idea of starting a trip around Russia from the Far East. At the talks behind closed doors with President Yeltsin, the Chinese leader has evidently tried to get a feeling of how strong anti-Chinese moods are in Russian society.

Visit Confirms 'New Relationship'

MM2806080995 Moscow ROSSIYSKIYE VESTI in Russian 28 Jun 95 p 3

[Report by Georgiy Kunegin: "Gift for Li Peng"]

[FBIS Translated Text] "A close neighbor is better than a far-off relative." People in China have recently been saying that when talking about Russia. The pragmatic Chinese mentality in this simple everyday saying reflected very accurately the realities of the current relations between the two countries.

PRC State Council Premier Li Peng's 25-28 June visit to Moscow showed that close proximity is increasingly turning into a full-fledged business partnership. Admittedly, a considerable amount of work still needs to be carried out for this to materialize.

During a meeting with Boris Yeltsin and talks with Viktor Chernomyrdin both sides stressed that the political climate between Moscow and Beijing is better now than it has ever been before. The predictability of their relations is an important asset both for the two countries' internal development and for the preservation of stability and peace in the Asia-Pacific region and the world as a whole.

The new relationship between the two countries is making it possible to broaden their mutual support and collaboration in the international arena. The joint agreement signed by Viktor Chernomyrdin and Li Peng in Moscow confirms that the sides are working seriously on strengthening mutual trust — talks are continuing on reducing the level of troops in the border area, and coordinated border procedures are being legally enshrined. Cooperation between law-enforcement organs is increasing — an extradition treaty has been signed and exchanges of people will be monitored more efficiently (the number of problems in this sphere has not dropped). The sides confirmed their intention of completing the demarcation of the 4,300-km eastern sector of the border on schedule. The Chinese premier was informed by State Duma Chairman Ivan Rybkin that Russian deputies have presented him with a unique gift by voting 23 June in favor of ratifying the agreement with China on the western sector of the border with China (from Mongolia to Kazakhstan). Incidentally, this will be the first time that this 55-km section of the border will have been delimited at all.

There are plans to build a bridge over the Amur border river 7 km from Blagoveshchensk — the first to link the Russian and Chinese banks of the river.

Needless to say, the subject of Chechnya was not ignored during conversations with Li Peng. The State Council premier gave assurances that China regards events in Chechnya exclusively as Russia's internal affair and fully understands the Russian side's actions in upholding the country's unity and maintaining sociopolitical stability. Moscow's reaffirmation that its position on Taiwan remains unchanged — to wit that the island is part of Chinese territory, political ties will not be established with it, and exchanges in the sphere of trade, the economy, etc. will remain strictly unofficial — was extremely valuable and timely for China, which is now seeing unpredictable blips in U.S. policy on Taiwan.

The premiers devoted the bulk of their attention at the talks to the package of questions pertaining to the improvement of trade and economic and scientific-technical ties. And that was no coincidence. As Viktor Chernomyrdin said, last year an alarm bell rang: Bilateral trade, which had previously forged its way rapidly upward and exceeded all previous indicators, dropped 34 percent at a stroke. Moreover this year it has not been possible to overturn this negative trend. An analysis of the prevailing situation conducted by the two delegations confirmed that a new cooperation strategy is needed to enable maximum use to be made of the advantages afforded by the neighboring countries' geographical proximity and the technological compatibility of their economic base. It is necessary to move faster toward modern forms of payment, make more extensive use of currency settlements, and be more active in directing banks toward cooperation.

Promising major projects such as the construction of a nuclear electric power station in China and the creation of a power line to carry electricity across the border as well as gas pipelines were examined thoroughly. Mindful that the Chinese premier personally heads the coordinating committee for the construction of the largest project of the late 20th and early 21st centuries — the "Three Gorges" hydrocomplex on the Chang Jiang River (32 units with a yield of 650-700 megawatts) — there was talk of Russian firms' participating in the 1996 international tenders to supply equipment. Both sides realize that large-scale, long-term projects along with extensive and diverse interregional cooperation constitute a pledge of the durability and soundness of the foundation of Sino-Russian economic cooperation.

This foundation will also be strengthened by the package of new Sino-Russian documents signed during the visit: on cooperation in information technology in the machine-building complex, on mutual recognition of diplomas and academic degrees, on joint forest conservation, and on quarantine for plants.

His stay in Moscow was bound to evoke nostalgic memories in the Chinese premier: He did after all spend six years here in his youth in 1948-1954 at the Moscow Power Engineering Institute [MEI]. During a ceremony in which he was presented with an MEI honorary doctorate he spoke warmly of his teachers and fellow students (one of whom was, incidentally, Romanian President Iliescu, who has also been given an MEI honorary doctorate).

Prospects for Ties Said To Emerge

MM2706134195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jun 95 pp 1-2

[Report by Stanislav Natin and Andrey Kabannikov: "Will They Make Chinese Premier Li Peng an Academician?"]

[FBIS Translated Text] It is said that during the first visit by the premier of the PRC State Council to Moscow following the normalization of relations, professors at the capital's power engineering institute managed to find the registration card of 1954 graduate Li Peng, which produced tears of emotion in the guest. This time his alma mater decided to make no secret of its pride in its student — yesterday Li Peng was presented with the diploma of honorary doctor of science by the institute.

The program of the Chinese premier's current visit to Moscow is more than extensive. A meeting with Yeltsin, talks with Chernomyrdin, and the signing of at least eight agreements — on joint forest fire-fighting, on the protection of flora and fauna, on the building of a bridge across the Amur near Blagoveshchensk, and so forth. According to Li Peng himself, the most important agreements are those on the handover of criminals and the recognition of higher education diplomas in the two countries.

Li Peng's visit to Russia is not being held at the best of times for Chinese diplomacy. There are problems in relations with the United States over Taiwan, there is the ongoing conflict with Britain over Hong Kong, and there are loads of territorial disputes with its neighboring Southeast Asian countries.... Against this backdrop it is now that truly immense prospects have emerged for Russo-Chinese relations. And if government summaries include a line stating that the "visit was held in a friendly atmosphere" then they can be trusted. After all, last year Viktor Chernomyrdin visited Beijing and, as he put it, was pleased to have met with Li Peng. This year our key ministers and many leading politicians have visited China. We would recall that the last such visit was a month ago — Pavel Grachev's trip to China. Boris Yeltsin is expected to visit the Chinese capital in the fall.

Foreign Ministry Holds News Conference 27 Jun

On UN Denunciation of Bosnian Muslims

LD2706173495 Moscow INTERFAX in English
1620 GMT 27 Jun 95

[From the "Diplomatic Panorama" feature: By Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov]

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — Grigoriy Karasin, a spokesman for the Russian Foreign Ministry, expressed his satisfaction Tuesday [27 June] over the UN Security Council's endorsement of a statement by its chairman denouncing the Bosnian Muslims "for blocking over the past weeks the UNPROFOR [UN Protection Force] personnel in the former Yugoslavia."

He said at a briefing in Moscow that the statement is built around a draft that was earlier put forward by Russia in the Security Council.

Karasin recalled that Russia had repeatedly called on the Security Council to respond in an impartial and adequate way to specific activities of the warring parties in the Bosnian conflict.

He said that unless this is done those who want to resolve the conflict by force feel encouraged.

According to Karasin, the trip undertaken by Vitaliy Churkin, Russian ambassador to Belgium, to Belgrade and Pale was semi-official and Churkin acted in his individual capacity.

Karasin quoted Churkin, former Russian presidential envoy in Yugoslavia, as saying that his trip was exploratory.

"What he did was looking for ways to reverse the negative trends in the Bosnian developments," Karasin explained.

He emphasized that the trip was consistent with the peace efforts made by the contact group in which Russia, the U.S., Britain, France and Germany are represented.

START-2 Representatives Named

LD2706171395 Moscow INTERFAX in English
1524 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — President Yeltsin has appointed Foreign Minister Andrey Kozyrev and Defense Minister Pavel Grachev to act as his official representatives during parliamentary debates on the ratification of the START-2 Treaty, Foreign Ministry spokesman Grigoriy Karasin announced during a press briefing in Moscow Tuesday.

The Russian-American START-2 Treaty, signed in Moscow on January 3, 1993, was submitted for ratification to the State Duma by Yeltsin on June 21, 1995.

Karasin said "Russia and the U.S. are making strenuous efforts to put the START-2 Treaty into effect." "The importance of its ratification by both sides was confirmed during the Russian-American summit in Moscow last May," he said.

He also pointed out that "the ratification process would undoubtedly be influenced by progress in the attainment of a Russian-American agreement on the delimitation of the strategic and tactical anti-missile defense systems. "The observance of the 1972 ABM treaty depends on this. The role of this treaty remains unchanged in creating conditions for cutting down strategic offensive weapons," said Karasin.

"The implementation of the START-2 Treaty is hampered by serious financial problems which are worrying Russian and American legislators," Karasin said.

On Selling Arms to North Korea

LD2706163095 Moscow ITAR-TASS in English 1439 GMT 27 Jun 95

[By Vladimir Nadashkevich and Vladimir Solntsev]

[FBIS Transcribed Text] MOSCOW June 27 (ITAR-TASS) — Moscow believes it has a right to sell defensive armaments to North Korea and does not visualise any juridical obstacles, but it does not supply large consignments of armaments either to North Korea or to South Korea at present, ITAR-TASS learnt from sources in the Russian Foreign Ministry on Tuesday.

Sources said the Russian Foreign Ministry adheres to the line at good relations with North Korea. They noted that there may be arms deliveries to North Korea in principle as no sanctions have been imposed on North Korea by the United Nations.

At the same time, sources said that the Russian side proceeds from the purchase power of the buyer and in the case of North Korea it is "extremely limited". In addition, Moscow believes that arms deliveries either to North or South Korea should not destabilise military-political situation on the peninsula.

Some Russian scientists, experts in Korean studies, favour the idea of arms deliveries to Pyongyang. They believe that the balance of military forces on the Korean peninsula may otherwise be tipped.

Speaking on Monday at a meeting which opened a traditional annual month-long festival in Russia of friendship and solidarity with the Korean people, Acamedician Mikhail Kapitsa, former USSR deputy foreign minister, demanded the resumption of arms deliveries to North Korea, the restoration of all forms of cooperation with that country and the construction of a nuclear power station there.

He believes the Russian government should automatically extend the Treaty of friendship and cooperation with North Korea and to reconsider the "unjustifiable shifting" toward South Korea.

The treaty with North Korea concluded back in 1961 and presupposing mutual military aid when one of the sides is attacked is automatically extended every five year unless one of the sides notifies the other side of the change of attitude no later that a year before the term expires. The regular term expires on September 10, 1996. Therefore, prior to September 10 of this year the Russian side should officially present to the other side its considerations in a written form, if it has any. "We have not sent any such official notifications yet", ITAR-TASS was told by sources in the Foreign Ministry. They said the matter is being considered and it is too early to speak of Moscow's specific considerations regarding the treaty with Pyongyang.

Cooperation With Egypt Against Terrorism

LD2706153895 Moscow ITAR-TASS in English 1307 GMT 27 Jun 95

[By Vladimir Suprun]

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — Russian President Boris Yeltsin sent on Tuesday a message to Egyptian President Husni Mubarak to express Moscow's readiness to cooperate with Cairo in combatting terrorism. Spokesman for the Russian Foreign Ministry Grigoriy Karasin told this a briefing here on Tuesday.

"Russia also comes up against horrible manifestations of terrorism. We are ready for the broadest of cooperation in a noble cause of eradicating this evil", the message, specifically, says.

The report about the attempt on the life of the Egyptian president caused deep indignation in Russia, Karasin said. This treacherous action caused anger in Russia also for the reason that this was an attempt to assassinate the leader of a state friendly to Russia, one of the key figures in the Middle East settlement.

Iraqi Oil Minister on Agreement on Oilfields

LD2706205595 Moscow ITAR-TASS in English 1532 GMT 27 Jun 95

[By Rafael Bikbayev]

[FBIS Transcribed Text] CAIRO, June 27 (ITAR-TASS) — Russia and Iraq signed an agreement on the development of Iraqi oilfields that can produce one million barrels per day, Cairo media on Tuesday [27 June] quoted Iraqi Petrol Minister Safa' Hadi Jawad as saying.

The deal provides for Russia's participation in the development of the southern Iraqi deposits of Mishrif and Yamama which can annually produce 450,000 barrels, and of the northern Iraqi deposit of Rumaylah with the capacity of 550,000 barrels.

"This is a final agreement, and the beginning of its practical realisation only depends on the lifting of international sanctions against Iraq," the Iraqi minister said.

"We will probably have to coordinate only some technical and financial details," he noted.

Jawad pointed out that the Russian party was given the exclusive right to develop these fields, although some American companies had shown interest in them, too.

The Russian-Iraqi agreement is part of a protocol initialed in Moscow last September and providing for carrying out joint economic projects 10 billion U.S. dollars worth.

Council Chairman Continues Visit to Romania

Shumeyko on National Security System

LD2706191095 Moscow ITAR-TASS in English 1851 GMT 27 Jun 95

[By Igor Ignatyev and Nikolay Morozov]

[FBIS Transcribed Text] BUCHAREST, June 27 (ITAR-TASS) — "The tragic events (hostage taking) in Budennovsk made it fully evident that Russia has no system of national security adequate to the scale and strategic interests of the Russian state," Russian Federation Council chairman Vladimir Shumeyko told ITAR-TASS today.

The creation of a system capable of averting tragedies of this kind and protecting Russia's state interests will be discussed thoroughly at the next meeting of the Security Council, Shumeyko said.

It is perfectly clear that in a well-adjusted system of national security which protects the borders and ensures internal security and political stability in the country there can be no gaps between the ministries, departments and special services through which weaponry, drugs and terrorists could filter into the country, Shumeyko said.

Chechnya is the most graphic example, he said, because over the past three years it turned into a free crime zone. The first act of state issued by Dudayev after he came to power, as everybody knows, granted all citizens to the right to carry arms. As a result, Kalashnikov automatic rifles began to sell in the market place in Groznyy together with tomatoes, Shumeyko recalled.

Such arbitrariness is impossible in a state with a normal national security system.

Speaks at News Conference

LD2706223795 Moscow ITAR-TASS in English 2047 GMT 27 Jun 95

[By Igor Ignatyev and Nikolay Morozov]

[FBIS Transcribed Text] BUCHAREST June 27 (ITAR-TASS) — Federation Council Chairman Vladimir Shumeyko, who is back from an official visit to Romania, told a news conference today that Russia and Romania should go the road to a democratic society and market economy together.

Shumeyko spoke on prospects of a Russian-Romanian political agreement.

He said the Russian government and the people totally reject the totalitarian system and detest the Molotov-Ribbentrop pact.

However, the mentioning of the pact in the text of the bilateral agreement, a demand of Romania, could be used by politicians to touch off territorial debates that are opposed by Russia, Shumeyko said.

Shumeyko expressed criticism of NATO's eastward expansion.

He said he did not understand today's role of NATO in the world and did not believe in its peace-protecting nature.

If NATO is a defensive bloc, an enemy must be named, Shumeyko said.

It would be fair to raise the question of dissolution rather than expansion of NATO as the USSR and the threat of communism expansion do not exist any more, he said.

The upper house chairman said NATO's drive for the expansion is in fact underlined by economic interests as unification of weapons will require all new members of NATO to buy Western weapons.

Asked about the fates of the Russian 14th Army in Moldova's Dniester enclave, Shumeyko said Russia is withdrawing from the Dniester region not Russian but former Soviet troops.

Only 67 percent of the army's personnel are Russians, while its stockpile of weapons is huge, Shumeyko said.

He added that it is planned to evacuate the weapons to Russia during three years.

Anyway, Russia will not make any decisions on the 14th Army without participation of Moldova, a free, sovereign state, Shumeyko stressed.

Moldovan President Snegur in Moscow for Summit

Yeltsin Receives Snegur

LD2806085795 Moscow ITAR-TASS in English 0823 GMT 28 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, June 28 (ITAR-TASS) — President Boris Yeltsin did not preclude a possibility of creating a military base instead of the former 14th army deployed in the Dniester area (this area predominantly populated by Russian-speaking people proclaimed itself an independent Dniester republic seeking independence from Moldova).

Receiving Moldovan President Mircea Snegur at the Kremlin on Wednesday, Yeltsin noted that periods of

Russian troops' stay in Moldova "can be reviewed at any time."

Although provision is made now for withdrawing them within three years, these troops can be used, according to the Russian president, to create a Russian military base, similar to the one which is planned to be set up in Georgia.

Today's talks in the Kremlin started with the discussion of the fate of the Russian army group at the Russian president's initiative, "although," noted Yeltsin, opening the meeting, "we have many other questions on hands".

At the same time, the Russian president noted, addressing Snegur, "Russian Defence Minister Pavel Grachev has just visited Moldova and recounted his talks. As I understand, you agreed on the 14th army's reorganisation."

Yeltsin submitted the Russian-Moldovan treaty signed eight months ago for ratification of the State Duma (Russian parliament lower house) last week. Under the treaty, the Russian contingent is to leave Moldova within three years.

Experts expressed doubts that it would be possible to withdraw troops within such a short period, since appropriate expenditures are not provided for either in the present budget of the Defence Ministry or in the draft budget for 1996.

The fate of several thousand tonnes of ammunition of the former Odessa Military District is also very pressing. They should be either hauled away from the Dniester area or utilised on the spot.

Press Service Issues Statement

LD2806110395 Moscow ITAR-TASS World Service in Russian 0930 GMT 28 Jun 95

[By ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 28 Jun (ITAR-TASS) — Another Russo-Moldovan summit is planned before the end of the year. Agreement on this was reached at today's talks in the Kremlin between President Boris Yeltsin and Moldovan President Mircea Snegur. As noted in the announcement of the Russian president's press service received by ITAR-TASS, during the coming summit meeting the heads of state intend to reach a number of agreements opening up broad prospects for development of Russo-Moldovan relations.

The press service says that today's talks in the Kremlin were held in an atmosphere of friendship, frankness, and mutual understanding. The sides discussed the internal political situation in both countries and the progress of economic transformations. It was noted that in the past year and a half it proved possible to reach notable progress in forming the contractual and legal basis of bilateral relations and to broaden mutually favorable commercial and economic and humanitarian contacts.

The presidents stressed the special importance of the earliest political settlement of the Dniester conflict, which should result in a definition agreed upon between Chisinau and Tiraspol of the special status of the Dniester region while preserving the independence and territorial integrity of Moldova.

The presidents spoke in favor of the earliest effectiveness of the agreement "On the Legal Status, Time, and Procedure of Withdrawal of the Military Formations of the Russian Federation Temporarily Located in the Republic of Moldova" in the interests of the stage-by-stage and orderly withdrawal of troops, armaments, and ammunition. The sides confirmed their readiness to speed up the adoption of decisions on questions of construction in Russia of housing for the troops being withdrawn, the disposal of the real estate left behind, the transportation of military property, and the destruction of some of the ammunition.

The presidents have instructed the governments of their countries to deepen cooperation and solve the problems of the Moldovan debt to Russia.

Chernomyrdin Message to Armenia on Nuclear Plant

LD2706170395 Moscow ITAR-TASS in English 1504 GMT 27 Jun 95

[By Tigran Liloyan]

[FBIS Transcribed Text] METSAMOR, Armenia, June 27 (ITAR-TASS) — "Russia is providing and will continue to provide assistance in ensuring safe and reliable operations of the Armenian nuclear power station," Russian Prime Minister Viktor Chernomyrdin said in a statement addressed to Armenian President Levon Ter-Petrosyan.

The message was read out by Russia's Ambassador to Armenia Andrey Urnov at a meeting devoted to putting into service of the second power unit of the Armenian nuclear power station.

On instruction from President Boris Yeltsin and on behalf of the government of the Russian Federation Viktor Chernomyrdin congratulated President Ter-Petrosyan on an important event in the country's life, the resumption of industrial exploitation of the nuclear power station which was closed down in the wake of the 1988 earthquake.

"In the most difficult conditions you have managed, despite economic and political difficulties, to attain a goal which will further serve implementation of many programmes of social and economic development of the republic of Armenia," the message said.

The Russian Prime Minister said he was confident that fruitful cooperation between Russian and Armenian specialists in the field of nuclear power engineering will make possible safe and reliable work of all equipment and systems of the Armenian nuclear power station.

Krylov: No Territorial Concessions to Estonia

LD2706211095 Moscow INTERFAX in English 1523 GMT 27 Jun 95

[From the "Diplomatic Panorama" feature: Reports by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — Russia will make "no territorial concessions to Estonia," a Russian deputy foreign minister said on Tuesday.

Sergey Krylov made the statement in comments to INTERFAX on a meeting he had on Monday with the vice chancellor of Estonia's Foreign Ministry, Raul Malk.

The meeting, held in Moscow, focused on "law enforcement subjects, questions that have to do with the ratification of a package of agreements between the Russian Federation and Estonia, a treaty on the border between the two states, concrete instances of restriction of the rights of Russian citizens (living in Estonia), in particular their being ousted from (jobs in) the air and sea transport of the republic," Krylov said.

Asked whether the two former Soviet republics would sign a treaty on their mutual border, the deputy minister said: "That is a matter of distant future." "At this point the signing of such a document is not being considered," he added.

Krylov said Moscow "is not going" to recognize the Tartu Peace Treaty signed between Russia and Estonia in 1920, something Tallinn insists on. The treaty gave Estonia lands which today are parts of Russia's Pskov and Leningrad regions and which Moscow declares to be Russian historically. The areas were incorporated into the Russian Federation after the Baltic country was occupied by the Soviet Union in 1940.

Russia "is not going to satisfy the territorial claims of the Estonian side and will not discuss that question," Krylov said, adding that Moscow's position "meets with understanding" in Tallinn.

"There are serious reasons to hope that a solution will be found to this problem," Krylov said. But it is Estonia that must change its line for that to happen, he said.

With a new government having taken office in Tallinn, Russian- Estonian relations and the life of the Baltic state's Russian- speaking community have "somewhat improved," the deputy minister said. Estonia's legislation on its Russian-speakers has received international approval "and in general terms meets world standards." "However what alarms Moscow is how that legislation is being put into practice," he said.

As an example he cited the language problem. "In some Western states it is also necessary to pass an examination for knowledge of the local language to receive the right to permanent residence. But that demand is made on those who are arriving in the country nowadays. In Estonia such a demand is made on persons who have lived on its territory since their birth. That is a totally different matter," Krylov said.

Vietnamese Delegation Head on 'Meaningful Talks'

LD2706203295 Moscow ITAR-TASS in English 1517 GMT 27 Jun 95

[By Sergey Afonin]

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — Vietnam considers latest developments in Russia her internal affairs, a senior Vietnamese official told TASS on Tuesday [27 June]. Dao Dinh Luyen, chairman of a group of legislators in the Vietnamese parliament, headed a parliament delegation to Russia which was to depart from there today.

Dao Dinh Luyen said the delegation held meaningful talks in the both houses of the Russian parliament. These talks, which were of most open and sincere nature, proved the sides' preparedness for consolidation and development of friendly relations and cooperation for the sake of the two peoples, stability and development in the Pacific Rim and throughout the world, the official stressed.

"Vietnam, as Russia's sincere friend, wishes that Russians solve their problems as soon as possible for the sake of stability and flourishment of great Russia," Dao Dinh Luyen said.

Dao Dinh Luyen, also deputy defence minister and chief of Vietnam's army General Staff, said he highly assessed the two countries' military cooperation, although that time he visited Russia for another purpose.

Political Issues

Yeltsin, Republic Heads Discuss Situation

LD2706182795 Moscow ITAR-TASS in English 1710 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — The press service of the Russian president issued a following report on Tuesday:

"Russian President Boris Yeltsin met with heads of the republics as part of the Russian Federation in Kremlin today.

"The meeting participants discussed the political, social and economic situation in Russia, the results and tendencies of the social and economic development of the republics and the most important events of the last months.

"They also discussed the concept of the ethnic policy and inter-ethnic relations prepared in compliance with the order of the Russian president as well as principles of the formation of the Federation Council of the Federal Assembly of the Russian Federation.

"Boris Yeltsin informed the meeting participants about his plans to settle the disagreements between the government and the State Duma. The heads of the republics supported Yeltsin's approach and expressed the hope for the settlement of this crisis as soon as possible.

"The meeting was attended by Russian Prime Minister Viktor Chernomyrdin and Deputy Prime Minister Nikolayi Yegorov."

Press Statement on Yeltsin, Duma Factions' Talks

LD2706202195 Moscow ITAR-TASS in English 2007 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — The Russian President's press service on Tuesday [27 June] released the following statement:

"In accordance with the preliminary agreement about conciliation procedures and consultations to resolve the parliamentary and government conflict, Russian President Boris Yeltsin met in the Kremlin on Tuesday a delegation of official representatives of the State Duma's deputy factions and groups, with the participation of Ivan Rybkin.

During the hour-and-a-half meeting, the Russian President gave his view of the causes of differences between the parliament and government. He stressed that neither the executive, nor the legislative branch, nor Russia on the whole needs confrontation now. Boris Yeltsin also noted that the government and Duma still had every opportunity of achieving accord. The deputies were offered a plan for settling the current situation. In their turn, the deputies moved their own suggestions as to how the conflict can be solved. The participants in the meeting agreed on further conciliation procedures and regular consultations between representatives of the President, government and Federal Assembly".

Yeltsin Aide Ilyushin Rebuts Talk of 'Crisis'

MM2806104695 Moscow ROSSIYSKIYE VESTI in Russian 28 Jun 95 p 1

[Interview with presidential aide Viktor Ilyushin by unidentified ROSSIYSKIYE VESTI correspondent; place and date not given: "Viktor Ilyushin Rejects Idea of Crisis of Power. Russian President's Top Aide Answers ROSSIYSKIYE VESTI's Questions"]

[FBIS Translated Text] [ROSSIYSKIYE VESTI] Viktor Vasilyevich, the national interests of the industrially developed states have been proclaimed more starkly than ever before at recent international meetings. France, for instance, during the Halifax summit insisted on continuing nuclear tests. Japan and the United States could not agree on mutually beneficial trade relations.

To what extent can Russia too have been said to have definitely declared its national interests?

[Ilyushin] I witnessed all the meetings of the G-7 and then G-8 countries. Russia's international contacts have grown increasingly progressive and successful from month to month and the business world's attitude toward our country has changed.

Western investors' committed move toward the Russian market is very important for us now. This is a top priority for Russia. Boris Yeltsin's statement that "you can hardly find another market like Russia. Hurry, otherwise you will be too late" reflects present-day reality. Needless to say, investors need political and economic guarantees to ensure that they are not scared with regard to unpredictable business contacts. And these guarantees are being created today.

[ROSSIYSKIYE VESTI] How in that case can one assess the shipment of Russian reactors to Iran and the hullabaloo over that deal?

[Ilyushin] The world market was divided up a long time ago. It is a rigid system. Russia is today experiencing serious problems not only in seeking its niche but also, I would even say, in finding a chink to get into the world economy — I mean primarily the arms and energy market. Iran is one example of how people would like to squeeze Russia out of this world market area on a specious pretext.

[ROSSIYSKIYE VESTI] Viktor Vasilyevich, in your view, what is the reason for the storm of criticism being directed at the national power departments?

[Ilyushin] I am firmly of the opinion that the power departments are experiencing the same difficulties as any other government echelons. One can understand people's desire to see a professional army, MVD [Ministry of Internal Affairs], and FSB [Federal Security Service] — bodies that are really strong and capable of defending people against terror and humiliation any time, any place. I would not run the risk on the eve of a Security Council session of voicing any opinions of the power departments' actions, but I do have an inner feeling that clearer interconnection and coordination are needed between these departments in the "triangle," namely the president, the government, and the power structures.

Not everyone evidently understands and realizes how hard things were for our power departments in Budennovsk when they wanted to avoid losses there in order to get the hostages released. But I am staggered how someone who used arms to threaten and shoot people can today be presented as a hero.

As for assessing the role played by the "power structures" in the Budennovsk tragedy, I hope that the main criteria here will be people's lives and the interests of the state. Most importantly, regardless of the circumstances it is absolutely essential to remain humane in any situation and to respect and understand one another, while of course assessing events and actions in an objective manner.

[ROSSIYSKIYE VESTI] The most acute internal problem today is that of Chechnya. Can you agree with those economists who believe that the current strengthening of the ruble's position against the dollar and the stabilization of the economic situation in the country are dependent not least on the fact that the criminal pro-Chechen formation has been destroyed.

Can mafia and other criminal structures (among others) oriented on Chechnya be expected to be the object of an exhaustive audit to track down initial and working capital?

[Ilyushin] I do not rule out the idea that this element has also affected the state of the financial and money market. Nonetheless the joint actions taken by the Central Bank of Russia, the Ministry of the Economy, the Ministry of Finance, and the government as a whole are a crucial factor. There is a fairly tough policy when it comes to granting budget loans, and it is bearing fruit. The illicit source of funds that you mentioned in your question has been exposed. I do not think that this is the last case of its kind.

[ROSSIYSKIYE VESTI] The positions espoused by our compatriots may be extremely polarized in the coming election campaign. Is the current government and parliamentary crisis not evidence of that? Can your personal civic stance be subjected to extreme influences, and will you be able to work as the president's aide if a party whose program does not please you in some way wins the election?

[Ilyushin] As regards the first part of your question, I do not think that our society will still be divided into extremes within a few months of the election marathon. What is more, I would not even call the State Duma's decision regarding the no-confidence vote in the government and the retaliatory moves taken by Viktor Stepanovich Chernomyrdin's Cabinet a crisis. This is a process for which the Constitution makes provision. Although it is unpleasant.

For all the criticism of the Russian Constitution I would say this: The conflict can easily be resolved within the framework of this Constitution. It was, incidentally, because we did not have a real fundamental law that the crises of 1991 and 1993 not only arose but indeed could not be resolved by political means.

One can only regret the suggestion made by some politicians that someone is once again trying to embroil someone in confrontation. The point is that all branches of power can escape from any conflict without major upheaval. That is the main argument which indicates that major transformations have already taken place in Russia and are still taking place.

Why does disaster still divide rather than unite us? I think that we will overcome our desire to reap personal political capital in these situations. But that will take time.

As for the possibility of cooperating with political forces whose programs are unacceptable to me, I cannot answer that question in the affirmative.

Now a word about my civic position. First, there is no party whose programs are impeccable. Second, and most importantly, there is a simple and clear criterion for the president and us, his aides, in assessing everything going on in the country: Is something in Russia's interests, in the interests of the state, does it stem from the provisions of the Constitution, or does it contravene our fundamental interests and violate the Constitution.

[ROSSIYSKIYE VESTI] Here is a question that is less philosophical than practical — a question about the light and dark sides of a statesman. You get the impression that the center of political life is moving toward the White House today — that is clearly how Viktor Chernomyrdin's work appears in the mass media; it is as if someone wants to make Boris Nikolayevich jealous....

[Ilyushin] Quite recently we had one real political and state leader, to wit the general secretary of the CPSU Central Committee. There was no one to compare him with, therefore he could not be criticized. Yet now there are plenty of outstanding figures on the political horizon. Admittedly there are even too many of them — I am referring to those bidding to play a special role in the political spectrum without having serious grounds for doing so. People have simply become perplexed: To which leader should they give their sympathies, on whom should they gamble — and it is essential not to make a mistake. I think that this is less the problem of a leader than it is the problem of the political culture of all of us. We must not succumb to the temptation of belittling the leader who has forged ahead, but we must also voice an exacting assessment when it comes to the laggard's chances, provided of course that we are interested in the cause, in Russia's future, and want to do the best for it.

This is regrettably a trite subject: the imaginary split between Yeltsin and Luzhkov, Yeltsin and Chernomyrdin. I have one response: Everyone must do his own job and do it well. Let people make their own assessment. Our Constitution makes provision for that possibility.

Yeltsin Rejects 'Inadvisable' Laws

MM2806105095 Moscow ROSSIYSKIYE VESTI in Russian 28 Jun 95 p 1

[Unattributed report: "Adoption of Laws Is Inadvisable"]

[FBIS Translated Text] Boris Yeltsin has rejected the federal laws "On Guarantees of Backup for the Activity of the Federal Assembly Chambers (the Federation Council and the State Duma)" and "On Amendments and Additions to the RSFSR [Russian Soviet Federated Socialist Republic] Code on Administrative Offenses." The information that ROSSIYSKIYE VESTI obtained from the presidential press service indicates that the laws were rejected on the basis of Article 107 Part 3 of the Russian Federation Constitution. The president thinks that the "adoption of the aforesaid federal laws is inadvisable."

Our Information

The first law, adopted a month ago, provided that both chambers of parliament along with their committees and commissions have the right to invite officials from organs of state power, local self-government, enterprises, and organizations to their sessions and to make inquiries on matters within their jurisdiction. These people are obliged to attend in response to the invitation and provide explanations and other information on these matters. At the same time noncompliance with this procedure entails administrative accountability in the form of a fine. Corresponding amendments were also made to the RSFSR Code, which was supplemented by an article regarding fines.

Premier Promises 'Feasible' Political Targets

MM2706152295 Moscow ROSSIYSKIYE VESTI in Russian 27 Jun 95 p 1

[Article by Aleksandra Lugovskaya: "'Russia Is Our Home.' It Will Have Many Apartments and Will Be Noisy"]

[FBIS Translated Text] The 24 June session of the leadership of the "Russia Is Our Home" social and political movement was devoted to the formation of working organs and adopting model rules and documents. But two short political statements publicized by the movement's leader, Prime Minister Viktor Chernomyrdin, have shown that the "party of power" is stepping dynamically into a new political role and realizing a powerful, authoritative potential.

The statement "On a Peaceful Settlement in the Chechen Republic" has been lent weight not just by the claim that the chance of a political settlement "to the fratricidal conflict and the establishment of peace" via dialogue among all the constructive forces in Chechen society is absolutely realistic, but also by the clear recommendation by the leadership of the "Russia Is Our Home" movement to its chairman, Russian Federation Government Premier Chernomyrdin, "to establish constant personal monitoring of the progress of the talks" and, if need be, "head the side representing the federal authorities at them."

The second statement, which concerns the parliamentary-government crisis, is just as telling in tactical terms as the first, assessing the State Duma's vote of no confidence in the government as a decision "tending to exacerbate the political situation and weaken state power" as well as describing the deputies' "demarche" as a virtual condemnation of the incipient talks on a peaceful settlement to the Chechnya crisis. It aims to secure political support for government action, to enshrine the offensive nature of the action while sacrificing the power ministers, to preserve the status quo ante, and to take advantage of the Duma's blunders to achieve a compromise: "to reach agreement on a moratorium before the next elections on political action" capable of "doing irreversible damage to the activity of both the legislature and the executive."

The organizational efficiency of "Russia Is Our Home" (Leonard Vid, chairman of its executive committee, reported that branches of the bloc have already been created in half of Russia's regions and "will be everywhere by 20 July") cannot hide the movement's obvious vulnerability: the lack of a unified political idea and of a political platform based on it. Anatoliy Tyazhlov, head of Moscow Oblast Administration, agreed that "the government is really fighting for itself" but stressed that the honesty of its methods — democracy as the rigid implementation of laws — also determined the political essence of the "party of power": a movement of state-budget people. From doctors, administrative workers, and so on to the prime minister and the president. Vladimir Bashmachnikov, chairman of coordination council of the Landowners' Union, who is better known as the head of the farmer's union, who spoke after Tyazhlov, stated "spitefully" that the small landowners who have joined to form the union — that is, private farmers, horticulturists, bee-keepers, and rabbit breeders, do not aspire "to power" and do not want to have wages paid out of the budget: "I have been ordered to support the president and the government, which have no traditions of reform but are pursuing reform in a stable version, as a policy in line with the interests of the peasants." The Union of Landowners, "which looks closely at various political movements" but has specifically joined "Russia Is Our Home" as a collective member, would like to see the movement as a nationwide political organization bringing together the interests of the most varied strata of the population.

The search for a political identity will end in the interval between 26 August and 3 September at the second congress of "Russia Is Our Home." By then regional sections will have elected delegates at their own conferences and put forward for ratification by the congress candidate deputies on a federation-wide list and single seat districts for the State Duma elections. A political platform will be adopted, on the basis enshrined in the economic program elaborated by Aleksandr Shokhin. Having established the end of the liberal phase of setting free market economic forces, he put forward its main thesis of national accumulation and steady growth.

Closing the sitting, Viktor Chernomyrdin formulated the priority tasks for "Russia Is Our Home" as follows: to bring together "people of action"; to create regional branches as "centers of intellect and will"; not to make empty promises in elections "but "offer concrete solutions"; and to elaborate a model for future cooperation with the president and the government" on the principle of critical solidarity based on the law." "We will set major tasks," the leader of "Russia Is Our Home" noted, but feasible ones, and we call on everyone who is sure of their own strength to build a strong, stable Russia together with us."

Support for Chernomyrdin Seen Gathering Pace

MM2706131095 Moscow IZVESTIYA in Russian 27 Jun 95 p 4

[Article by Irina Savvateyeva of the IZVESTIYA Analysis Center: "What Chernomyrdin's Increased Strength Means for the Future"]

[FBIS Translated Text] At the time that the decision on no confidence in the government was adopted, the State Duma, in the shape of Zhirinovskiy, predicted an ignominious political death for the premier. But the feeling was that this act of political sorcery was prompted primarily by a sense of fear. Chernomyrdin had forced his adversaries into frenetic activity of some kind by means of an unprecedented increase in his strength in the political arena.

This increase in strength began long before the foundations of intensive home-building [reference to "Russia Is Our Home"] were laid. The starting point should perhaps be reckoned as October 1994, when as a result of "Black Tuesday" [financial crisis] the premier's positions were shaken disastrously and an edict on his resignation was actually drawn up, according to well-informed sources.

But the edict never was signed. Not least because a coup like that — albeit a coup within the ruling clique — required its initiators to have total control over the situation in the capital. Moscow had its own boss, with whom the Kremlin ruling clique's relations were far from idyllic, as the November events outside City Hall demonstrated yet again.

The premier did not fail to take advantage of this situation. His public fraternization with the capital's mayor, sanctified by the patriarch himself during the ceremonial laying of the foundation stone of the Church of Christ the Savior, significantly strengthened Chernomyrdin's position.

It is said that it was not without Chernomyrdin's support that Luzhkov managed to retain his influence over Moscow's law-enforcement organs following the powerful "rebound" by the presidential structures prompted by the murder of Listyev.

The maintenance of control over that key department the Goskomimushchestvo [State Committee for the Management of State Property] should also be numbered among Chernomyrdin's tactical achievements. Victory in the war on Polevanov and Polevanovism as an ideology enabled the government to strengthen its position in the process of guiding the economic transformations.

One can also count among the successes of Chernomyrdin the politician the establishment of government control over "Ostankino" First Channel. And the maintenance of a kind of balance in the power departments: After numerous reorganizations, the Federal Security Service did not after all end up subordinate to the presidential structures, as the latter had wanted.

Thus the premier has succeeded in rebuffing virtually all blows against his present and potential allies in all salients.

All the same, Chernomyrdin's main achievements over the past year are not associated with the backstage struggle for survival. It is during this past year that Viktor Chernomyrdin has ceased to be a backstage politician. Two points — the pursuit of a consistent economic policy, and the highly successful implementation of a public policy as such, which is not traditional for the premier — give him his main trump cards today.

The first is the economy. One can doubtless dispute the existence of trends toward the stabilization of production. One can doubtless argue about whether the ebbing of inflation is a temporary phenomenon. One can doubtless express doubts about government statements to the effect that de-dollarization of the economy has begun.... But one fact remains beyond doubt: People at local level have begun to believe that the economic policy pursued by Chernomyrdin's cabinet could be consistent.

Of course, we are not about to claim that the fact that the uncontrolled growth of pure monetary assets has stopped is every bit as inspiring to some Ryazan or Tula governor as it is to Deputy Yegor Gaydar.

But take note: The days when it was considered good form at any self-respecting gathering to criticize savagely your own "tough financial policy" seem to have gone. Today even the most zealous lobbyist considers it his duty, by way of preface, to declare: "Of course we have no complaints about this year's budget, we realize the situation is complex...."

In a word, there is a growing awareness that the implementation of financial stabilization is a matter of statewide importance, unpleasant but necessary. A sphere is distinctly emerging in which the regions and sectors are prepared to conduct a dialogue with the government — certainly not without conflict, but all the same, a consistent and purposeful dialogue. Here we are talking about the budget. And the budget has the stability of a law. Not the arbitrariness of an edict. It constitutes a mechanism. Access to which is open.

The fact that the Chernomyrdin cabinet has managed to steer the discussion of sensitive questions of economic policy into the channel of civilized discussions around budget issues in general, the fact that this debate itself has acquired significance and real meaning for all its participants — this is considerably to the credit of the present Cabinet of Ministers and the premier who heads it.

Maybe it was the predictability of Chernomyrdin the premier and the consistency of the economic policy pursued by him in recent months that guaranteed success in party- and home-building.

"Russia Is Our Home" is growing like a snowball rolling through wet snowdrifts. You have the real heads of real administrations, you have the financial aces, you have the flower of Russia's directors.... And, most important, Chernomyrdin, whose stability and solidity contrast so advantageously with the unpredictability of the head of state, has on his side the attention and sympathies of the Russian bureaucracy. Both federal and regional.

Even those who, according to the original scenario, were supposed to embody the two-party system under Mr. Rybkin's leadership have ended up under the roof of "Our Home." For instance, the fuel and energy complex was supposed to divide thus: the gas men for Chernomyrdin, the oil men for Rybkin. But the Union of Russian Oil Industrialists, shuffling all the cards, has formed up in serried ranks behind the premier. And Rybkin's "Regions of Russia" have basically remained empty packaging without content. Because the real regions are right there with the oil men.

Presumably Mr. Volskiy's Industry Party will end up in the same place, now that its leader, on the premier's instructions and in close contact with him, has worked on the process of a political settlement in Chechnya.

But if the collapse of the two-party nomenklatura system under the pressure of Chernomyrdin's political weight is more or less a natural process, the premier's attracting supporters of his political opponents into his own orbit is a more exotic phenomenon. The fact is that at local level supporters of the Communists are not infrequently going over to Chernomyrdin. And what supporters! Winning over to the banner of government policy a powerful figure like Yegor Stroyev, who demonstrated complete loyalty to the Cabinet of Ministers at its recent extended session, is worth a lot.

Life is demonstrating yet again that communism in its Soviet (and now its Russian) form is not so much an ideology as a system of government. Strict, tough, and with a clearly manifested element of one-man management. The figure of Chernomyrdin has emerged quite distinctly on the horizon as being appropriate for the accustomed role, and neither the talk of the market nor the Gazprom ownership issues, as components of his curriculum vitae, are of crucial significance in the Communists' eyes.

Incidentally, the same thing is happening at local level with regard to the Agrarians. It was apparently no accident that in recent days Chernomyrdin, who has always paid due respect to the most powerful of lobbyists, permitted himself some sharp words against the Agrarians' Duma faction. He probably senses that he could cut the ground out from under their feet at local level, out there in the backwoods.

It is interesting that some "Russia's Choice" supporters are also going over to Chernomyrdin. But this process is already looking fairly natural.

It is very important that several highly prestigious regional leaders have lined up behind the premier. Along with Yegor Stroyev, one could name Galazov and Shaymiyev.

It is also worth mentioning here that Chernomyrdin has behind him not only political, but also financial power. Today two powerful sources of comparatively free money — the fuel and energy complex, and the banking consortium that claims the right to exercise trust management of state-owned property in Russian enterprises — are entirely under the premier's control.

Thus, with the building of the monumental and comfortable "Our Home," there has been a marked redistribution of duties between the main centers of executive power. Whereas in 1993-1994 the economy and the social sphere were "assigned" to the premier's team while presidential structures were "in charge of" the economy, defense, and security, since the nomenklatura party-building exercise began the premier has received a mandate for open participation in political maneuvering.

Having begun to acquire a taste for it, Chernomyrdin has given a more convincing account of himself in the role of public politician in the course of the Budennovsk operation and in the process of the peace settlement in Chechnya. The political dividends he has managed to reap from this are very impressive. First, a dramatically increased rating among future voters. Plus the right of access to the holy of holies of the presidential team — the circle in which policy decisions are made with regard to the "power" structures.

After Budennovsk, Chernomyrdin permitted himself publicly to criticize the "power ministries'" actions for the first time in the entire history of his premiership. After Budennovsk, it will no longer be possible to name the culprits without asking Chernomyrdin's opinion. And what if Chernomyrdin finally manages to take the Chechnya peace settlement process into his own hands and complete it successfully? What comes after Chechnya?

They say that certain political rivals have been plunged into panic by Chernomyrdin's increased strength. They say that the armored carriers in the streets of Moscow and outside the government's walls are an act of psychological pressure, and not only against possible terrorists. They say that Luzhkov was brought in urgently and dispatched to Budennovsk in order to ensure that people would not associate the successful outcome of the tragedy in that small town in the steppes solely with Chernomyrdin's name. And in order to break up the highly promising alliance between the Moscow mayor and the Russian premier.

Apparently all this is turning into the start of a new and highly dangerous apparatus war — for a redivision of influence over the power structures. How this war will end, what consequences it will have, and — most important — what distribution of political forces the country will end up with on the eve of the elections, can only be the subject of speculation as yet. And although this is an unscientific pursuit, let us try to propose a few possible scenarios.

First scenario. B. Yeltsin's nomination for a second term. Chernomyrdin remains head of government until the presidential elections, so as to avoid the "Kravchuk-Kuchma" pattern. The very fact of the repeated nomination of the existing president will rally his opponents, first and foremost on the left. The "democrats" will put forward G. Yavlinskiy, and will only partially support Yeltsin. Zhirinovskiy will be nominated. The other contenders will for the most part be "cut out" at the registration stage. As a result, the probability of Yeltsin's election is considerably below 50 percent.

Second scenario. A split in the "party of power." The Ilyushin-Korzhakov-Lobov grouping seeks the removal of V. Chernomyrdin and the appointment of O. Soskovets to the post of head of government. In order to secure the new premier's confirmation by the Duma, concessions are made to the left and the Liberal Democrats. Even going so far as the formation of a "government of national unity." The most likely candidate for the post of president from the upper echelons of the new "party of power" is Yu. Skokov.

If the ousted Chernomyrdin decides not to continue the struggle as an independent politician, the elections will take place under the "red flag." Skokov and Zhirinovskiy will most likely reach the second round. But the LDPR [Liberal Democratic Party of Russia] leader will not be able to oppose an alliance between the left and the bureaucracy.

But if V. Chernomyrdin runs as a candidate for the post of president, he will be forced to divide one and the same electorate with Skokov. In general, the two candidates' chances of final victory look roughly equal.

Third scenario. Chernomyrdin inherits the leadership of the "party of power" with Yeltsin's sanction and blessing. In the course of the election campaign, the present premier will have on his side the main bulk of the regional elites, a significant section of the "democrats'" traditional aktiv, and even some of the "left" (especially from among regional politicians). Chernomyrdin's main rival will be some "Ivanov" or other supported by the left-patriotic alliance. These two will undoubtedly reach the second round, where the present premier will have every chance of securing a convincing victory.

Most likely, that outcome to the elections would be the optimum from the viewpoint of the realities of present-day Russia, which is steering with such difficulty between the Scylla of economic chaos and the Charybdis of a revival of totalitarianism in a new form.

Yeltsin Seen Taking Control of Groznyy Talks

MM2706141695 Moscow IZVESTIYA in Russian 28 Jun 95 p 1

[Report by Vasiliy Kononenko under the general heading: "People, Not Terrorists Need Peace in Chechnya"]

[FBIS Translated Text] President Boris Yeltsin has held consultations with members of the government delegation to the talks in Groznyy.

The meeting was attended by V. Chernomyrdin, V. Mikhaylov, A. Volskiy, A. Kulikov, N. Semenov, and presidential aides V. Ilyushin and Yu. Baturin. V. Mikhaylov, deputy minister for nationalities affairs and regional policy, opened the meeting. According to him, it has proved possible to formulate a mechanism for the settlement of the crisis in accordance with the Law on Defense. This mechanism presupposes the dissolution of illegal armed formations, the participation of a supervisory commission, and also the stage-by-stage withdrawal of Russian MVD [Ministry of Internal Affairs] and Armed Forces troops. Another positive element is the fact that the Chechen side has publicly condemned terrorism. Evidently, however, not all members of the delegation are of the same mind, judging by A. Volskiy's rejoinder directed at A. Kulikov: "Comrade General, a zero option is what is needed..." — which met with no response from the general. What was meant by a "zero option" also remained unclear.

The details of the conversation behind closed doors are not known, but it is obvious that the president's call for more active use to be made of political rather than strong-arm instruments to bring an end to the war in Chechnya did not go unheeded. Especially since in the wake of this meeting Yeltsin received a Duma delegation led by Ivan Rybkin during which the talk also turned to the quest for peace in Chechnya. The conclusion is a logical one: Boris Yeltsin has decided to take control of the talks in Chechnya and not miss an opportunity to reap political dividends at even the first signs of progress in the talks in Groznyy. Following his meeting with the Duma delegation, Yeltsin said that he would make a decision regarding cadre reshuffles in the government in connection with events in Budennovsk before 22 July.

Further on Yegorov's Views of Budennovsk

LD2706172195 Moscow Russian Television Network in Russian 1300 GMT 27 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] First Deputy Interior Minister Mikhail Yegorov gave his version of the operation in Budennovsk at a news conference in Moscow today.

[Begin Yegorov recording] An analysis of the communications shows that three people took the decisions in that situation. These were Prime Minister Chernomyrdin, Interior Minister Yerin, and myself, where appropriate. We operated efficiently. If I had to do an operation like it again, I would do it as I planned. [end recording]

According to Yegorov, the deputy interior minister dealing with organized crime, the operation to free the hostages in Budennovsk was carried out quite well. No more than 10 hostages were killed by security forces' fire. Asked by reporters who had given the order to storm the hospital, Yegorov said:

[Begin recording] The minister and I met and gave the order. [end recording]

Yegorov believes the decision to let the terrorists escape was wrong. According to him, this order was given by Prime Minister Chernomyrdin.

[Begin Yegorov recording] My point of view has not changed: the terrorists should not have been allowed out of the hospital. The Lord forbid, that this case leads to wider activity by terrorists. In my opinion they got away virtually unpunished. [end recording]

Asked what measures were being taken to catch Shamil Basayev, the leader of the terrorist group, especially in view of his recent threat to carry out even worse terrorist acts, Yegorov gave no answer.

Delegation in Groznyy Receives Greater Powers

LD2706182095 Moscow INTERFAX in English 1522 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (Interfax) — According to one of the heads of the Russian delegation to the talks in Groznyy, Arkadiy Volskiy, the delegation received "powers there had not been before" after its meeting with Russian President Boris Yeltsin in the Kremlin Tuesday [27 June].

"The delegation officially appointed by the government should be empowered to sign an agreement. Before this, such powers had never been spoken about which caused amazement both on the Chechen side and among the Russian delegation's members themselves," he remarked.

Now "certain powers have been given to maintain such talks which would be unthinkable before," he added.

According to Volskiy, "now that the package of military issues is signed, the talk must be seriously maintained." "Frankly speaking, I believe that this is the last chance to peacefully solve the Chechnya issue," he said.

Volskiy noted that "the scope of issues to be discussed had been widened." "Today it is virtually stated that there is no such border which would be set for maintaining the talks," he added.

According to Volskiy, "we agreed that a government resolution and a Russian president's decree will be issued on the results of the talks."

Volskiy believes that it would be desirable to settle political issues within a week in order to pass to economic ones.

Volskiy recalled that a protocol on a stage-by-stage withdrawal of Russian troops from Chechnya simultaneously with the disarmament of illegal armed formations had already been signed saying "technical talks are under way, their meaning being in developing a mechanism for handing in arms."

"Some believe the arms should be handed in to the Russian army, others — to elders and then to the army and still others to joint commissions," he added.

According to Volskiy, those who hand in arms will be given a special certificate which would relieve them of punishment. At the same time, "a presidential decree on amnesty is required," he added.

"An interior brigade of 3 to 4 battalions and, correspondingly with the requirements of the strategic Caspian direction, a brigade of the armed forces will stay in the Groznyy military settlement."

Volskiy added that the issue of Dzhokhar Dudayev had never been touched on at the meeting with Yeltsin.

Luzhkov on Moscow Security Measures

LD2706164695 Moscow INTERFAX in English 1339 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — Near-emergency measures in Moscow will last no more than another month, Mayor Luzhkov has said. He was interviewed in the government building during a break in the Moscow government's sessions.

"We will wait and see how things go, whether there is progress in negotiations in Groznyy, and depending on their results we shall take adequate decisions together with law-enforcement agencies," Luzhkov said.

"However, Muscovites, municipal services and law-enforcement agencies must stay on alert," Mayor Luzhkov said. The Chechen syndrome, the fear of terrorist attacks by Chechen militants, will last, he warned.

Twenty thousand to twenty-five thousand paratroops, cadets and Interior Ministry troops have been moved into Moscow. Roads leading into the city are guarded by armored personnel carriers. Security has been tightened at government offices, thermal power stations, bridges, communication facilities and other sensitive sites in the wake of the terrorist attack on Budennovsk.

The first time such measures were taken was when federal troops were moved into Chechnya on December 11, 1994, this now being the second time security has been tightened.

Zhirinovskiy Demands Powerful Unitary State

MM2706130795 Moscow PRAVDA in Russian 27 Jun 95 p 1

[Interview with LDPR leader Vladimir Zhirinovskiy by PRAVDA Political Science Desk Editor Boris Slavin; place and date not given: "Vladimir Zhirinovskiy: 'There Will Be No Elections'" — first paragraph is introduction]

[FBIS Translated Text] Right after the Duma session LDPR [Liberal Democratic Party of Russia] leader Vladimir Zhirinovskiy gave an interview to PRAVDA Political Science Desk Editor Boris Slavin. The conversation took place in the presence of LDPR Press Secretary V. Filatov.

[Slavin] Vladimir Volfovich, what view does your party take of the creation of the "Russia Is Our Home" bloc?

[Zhirinovskiy] A negative one. This is a purely government formation. Throughout the world a parliament forms a government but everything happens in reverse in our country. That is not democracy.

[Slavin] Will Chernomyrdin's bloc win victory in the elections?

[Zhirinovskiy] It will not win because workers, administrators, and members of the intelligentsia will be forcibly press-ganged into it.

[Slavin] What can you say about the creation of I. Rybkin's bloc?

[Zhirinovskiy] That is absurd. There is no bloc. This is creativity on the part of the highups. The president gave instructions...and so blocs began to be set up. Nothing good will come of either the former or the latter bloc.

[Slavin] I was told that you and Rutskoy had a secret agreement to coordinate your election efforts. People are even talking about a safe where it is being kept. Is that true?

[Zhirinovskiy] Nothing of the kind. The LDPR is ready to unite all opposition forces and create a Russian united opposition with a common apparatus, a common newspaper, etc., but nothing is coming of this so far, the Communists hope that they will get more votes than the others on their own. But that does not resolve the problem. All opposition forces must unite. To that end Communists must forget the word "Communism" and Rutskoy should leave aside his bid to play special role in politics. Everyone has to give something up in order to unite.

[Slavin] Nonetheless what about the safe?

Then Press Secretary Filatov joined in the conversation.

[Filatov] There was a safe, but it did not belong to Zhirinovskiy and Rutskoy but to Rutskoy, Zyuganov, Baburin, and others (a list of seven people) during their meeting in Kaliningrad, but nothing came of that either.

[Slavin] Vladimir Volfovich, could you say how many people there really are in your party and give the number of party structures in the regions?

[Zhirinovskiy] Our party has 170,000 members. There are party structures in all Russian Federation components and city and rayon structures are currently being formed. Our newspapers have a printrun of 0.5 million and we also disseminate videos. The party leader visits five cities a month and other party leaders visit 20.

[Slavin] Who do you predict will win these elections?

[Zhirinovskiy] There will be no elections. A state of emergency awaits and a delayed civil war.

[Slavin] On what do you base this forecast?

[Zhirinovskiy] On the economy. There is effectively no economy: Agriculture is in ruins, plants are standing idle, and workers are not being paid.

[Slavin] But Chubays is trying to demonstrate exactly the opposite. In his opinion, stabilization is setting in. He draws this conclusion on the basis of the growth in steel and energy production among other things.

[Zhirinovskiy] That is a lie. The ruble rate of exchange is phony. In actual fact $1 is worth no more than 1,200 rubles. Energy sources are being exported wholesale. Twice the quantity of energy sources are being exported today as under the Communists. Exporting all our assets is the reformers' last option. The economy will continue to decline, therefore civil war or a second GKChP [State Committee for the State of Emergency] will necessarily arise. As a result the Army will be reduced to 800,000 men and the country's integrity will not be upheld. There will be a move to a confederation and Mikhail Gorbachev will end up in power.

[Slavin] Will Boris Yeltsin permit that turn of events; he does, after all, hate Gorbachev?

[Zhirinovskiy] He does not play any kind of role, no one listens to him. His entourage are directing their attention to the West, Israel, and the United States and no longer need great Russia. If the Israeli lobby wins, it will be the end of Russia, if the U.S. lobby wins, Russia will become a colony. There has recently been an increase in Muslim influence in Russia, particularly in Tatarstan and the Crimea. We may lose the Crimea within a year. Turkey pays the Crimean Tatars $60 apiece for every newborn child.

[Slavin] Are you still insisting that it is necessary to wash Russian soldiers' boots in the Indian Ocean? What substance are you giving to this idea?

[Zhirinovskiy] The Indian Ocean symbolizes the threat from the East. It must be taken in the same way as the lines from the well-known song: "We Ended Our Cruise in the Pacific." The threat from the South is a real one. Look what the Chechens did in Budennovsk: Dozens of Russians were annihilated and 1,500 were taken hostage. I warn you: If we are reluctant to wash our boots in the Indian Ocean, we will be awash in our own blood there.

[Slavin] What is your election program?

[Zhirinovskiy] My program is to stop the ongoing reform. We need a strong state sector. It is necessary to prevent the partition of Russia and eliminate all the national republics. The whole country can be divided up into 50 provinces with 3 million people apiece. What we need is not a Federation but a powerful unitary state. It is necessary to organize production of our own commodities. There should be no private ownership of land. Otherwise huge farms [latifundii] will arise: We are being bought free of charge. It is necessary to remove all foreign advisers (there are 20,000 of them in our country). All foreign foundations like the Soros and Carnegie Foundations, etc. should be wound up. Russia is a civilization in itself.

Early Dissolution, Elections Viewed

MM2806121495 Moscow ROSSIYSKIYE VESTI in Russian 28 Jun 95 p 2

[Article by Lyubov Tsukanova: "Political Partners Not Interested in Wiping One Another Out"]

[FBIS Translated Text] Yesterday in the Kremlin Russian President Boris Yeltsin met Government Chairman Viktor Chernomyrdin and State Duma Chairman Ivan Rybkin. They discussed the question of settling the parliamentary-government crisis. To that end Boris Yeltsin had a meeting with leaders of Duma factions and groups of deputies.

"The parties to the Treaty pledge to take all the requisite steps to ensure stability in the country, without which it is impossible to escape from the economic crisis." This is from the first section of the Treaty on Social Accord entitled "The Attainment of Political Stability in Society." This was the clause of the Treaty on which the president relied in beginning the conciliation procedures to resolve the parliamentary-government crisis brought about by the State Duma's decision regarding no confidence in the government.

Did the vote of no confidence in the Chernomyrdin government tabled by the lower chamber of parliament really destabilize the political situation in the country? Strictly speaking, the Duma's decision, the premier's counterformulation of the confidence question, and any of the president's possible subsequent decisions are constitutional actions, the mechanism of which does not herald an acute crisis of power like those we have already experienced in the new Russia because this mechanism is clearly outlined in the fundamental law. The situation would be considerably more dangerous had the parliament not adopted and the president not signed the Law on Elections of State Duma Deputies. However, the law does exist and now even the early dissolution of the lower chamber does not herald procedural surprises. Why after his resolute statement of support for the government did President Boris Yeltsin nevertheless express readiness for consultations not only with the chairman of the State Duma but also with the leaders of deputies' factions? The government chairman showed the same readiness for compromise following his initial, fairly harsh reaction to the Duma's decision.

Needless to say, the point is not only that during a transitional period any abrupt action on the part of one of the branches of power may be a serious test for a young, fledgling democracy. Although this idea does deserve attention; not for nothing did Russia need the Treaty on Social Accord. But there are more serious factors.

Today it is not only the State Duma that does not stand to gain from early elections. Deputies will of course suffer a severe defeat if they are robbed during an election campaign of the many advantages afforded by their present status. The electoral associations, most of which are not yet on "red alert," will also lose out. But the government too will find itself in a difficult position, because the "Russia Is Our Home" association led by Viktor Chernomyrdin runs the risk of being left out of the election campaign: Registered 23 May 1995, if early elections are held it will not have completed the six-month period required by law to take part in an election campaign. This means that the hope of "smashing" the left-wing and nationalist wave in the coming Duma elections is extremely illusory. The "democrats" on their own are clearly not up to the task. And it is necessary to realize that the "restoration" of national-communism in the Duma, should it take place, will dramatically worsen the overall political situation in the country and the moderate forces' chances in the 1996 presidential election.

However — and let us hope that this is the case — it is not just concern for their future that is worrying the executive today. The conflict between the Duma and the Government and the Duma and the president really worsens the prospects for the difficult negotiating process under way in Chechnya.

There is one other reason why a premature election campaign benefits no one: The State Duma has not adopted (nor could it adopt until the compilation of the electoral rolls is complete) the very important law on the reorganization of electoral districts. Consequently a presidential edict will be needed again, and this is another excuse for mistrust, suspicion, and conflict. Work on the law on the formation of the Federation Council, whose powers expire in December, is not complete. Even if the Duma is successfully elected ahead of schedule, it will be unable to cope with this law and the Federation Council will be unable to ratify it. How is the new Federation Council to be formed — by edict too?

The State Duma has food for thought on the eve of the 1 July confidence vote in the government. The executive also has food for thought — on reflection, it has just as little interest today in "wiping out" its political partner as it does in the government's resignation. When no side has a safe position they seek a compromise.

Military Issues

Baltic Fleet Chief Warns of Problems

WS2706124595 Kaliningrad STRAZH BALTIKI in Russian 14 Jun 95 p 1

[Interview with Admiral V. Yegorov, Baltic Fleet commander, by A. Rozhnov; place and date not given: "It Is a Matter of Preserving the Oldest Fleet of Russia"]

[FBIS Translated Text] [Rozhnov] Comrade Commander, you recently returned from Moscow, where you participated in the parliamentary hearings on the fate of our enclave, along with a delegation of the Kaliningrad Oblast leadership. In general, participation of a military person in this kind of undertaking is a fairly responsible task, and is quite unexpected, too. So, why was a military person included in the delegation?

[Yegorov] There are two reasons. First, this is an acknowledgment of the fact that servicemen take a significant part in the life of Kaliningrad Oblast. Army and Navy forces deployed in Kaliningrad Oblast carry out the role of the front line of the Armed Forces on account of their location, as well as play an important role in Russia's security system in its western region.

Second, we all are inhabitants of one oblast, and many issues concerning citizens, regardless whether they have shoulder straps or not, have recently bben aggravated for all of us. These two reasons explain my participation in the delegation, and the invitation to take the floor at the hearings.

[Rozhnov] What was the time limit? So far as I know, three people from the oblast spoke at the hearings.

[Yegorov] Each of us received 10 minutes (I spoke third, after G.D. Chmykhov and V.N. Ustyugov), and each of us tried to make the best use of his time to report the situation without repeating one another. For this reason, I presented the purely military aspect of problems from the perspective of the Navy's particular nature. However, I also spoke about all servicemen of the Kaliningrad special military district when I touched upon social matters.

[Rozhnov] What problems did you raise as the Baltic Fleet commander and head of the Kaliningrad special military district, when speaking from the rostrum of the State Duma?

[Yegorov] First of all, I reported to the deputies that despite undergoing difficulties, servicemen of all structures located in Kaliningrad Oblast carry out their duty in a diligent, reliable, and dedicated way. I reported that our servicemen carry their duty not only here, but in the Chechen republic as well. They suffer losses restoring Constitutional order in the hottest spots, and each time they are highly credited by the high command of the Armed Forces.

As for the aspects of the Navy, I cited the fact that the Baltic Fleet was announced the best among the fleets of Russia last year, which was an acknowledgement of our servicemen's diligence.

[Rozhnov] Nevertheless, if one were to judge by media reports, your speech had a fairly alarming leaning....

[Yegorov] Indeed, the second, larger part of my speech was focused on the issues that worry us. I reminded the deputies that the Baltic Fleet had been formerly located in well-equipped sites of Germany, Poland, Latvia, Estonia, Lithuania, Belarus, and of course, Russia. Currently, it has lost its well-developed system created over many decades.

In accordance with the Law on Defense and a plan on the Fleet's modification passed by the Russian Federation Ministry of Defense, the Fleet's structure and size have been optimized. In comparison with the Baltic Fleet of the Soviet Union, the number of combat ships of the Russian Federation Baltic Fleet decreased three-fold, and its numerical strength two-fold.

During the reform period since 1991, the Fleet has lost 80 percent of its principal base facilities (four out of five), and 65 percent of maneuver base facilities (11 out of 16). Mooring losses amount to over 20 km, that is, 61 percent, while 75 percent (3 out of 4) of ship-repair facilities have been lost.

Some 350 units were disbanded and relocated; 260,000 tonnes of materiel was moved away, 53 percent of which was sent to central regions of Russia and the Leningrad base. The rest was sent to Kaliningrad Oblast.

The loss of basing regions resulted in the breakup of the Fleet into two remote regions — the Kaliningrad and Leningrad regions, what had a negative effect on the ships' logistical support and combat readiness of the forces.

The Baltic Fleet is the only combined unit in the Armed Forces which, after redeploying its forces to new regions, was preserved, and now carries the heavy burden of the establishment phase.

Some 11 Army units and formations, including those of the Air Defense Forces located in the oblast, face a difficult situation.

Decisions related to combat readiness, vital activities, and logistical support for troop groupings and naval forces on the territory of Kaliningrad Oblast are under the jurisdiction of the command of the Kaliningrad special military district, formed on 1 August 1994. In the future, the command will exclude duplication of functions performed by bodies of command, and create an optimal model. However, as of today, the already conducted organizational undertakings have not solved all the problems.

[Rozhnov] What are the problems related to the functioning of troop groupings of the Kaliningrad special military district that are impossible to solve without the assistance of the government?

[Yegorov] First of all, I would like to mention combat readiness. At the hearings I talked about the current state of matters regarding ship repairs and ships' logistical support. I said exactly the same words: It is a matter of preserving the oldest fleet of Russia, the fleet of Peter the Great. The fleet will cease to exist as early as the beginning of the next century, if the present-day conditions prevail: Moral aging of the Fleet, lack of new ships, and financing of ship repairs only in the amount of 18 percent of demand.

We have already reached the limits set up for ship repairs for this year. We are compelled to take away unrepaired ships from the plants, but in some cases we cannot do even this; the debts of the Fleet for work done in the "Tosmara" ship-repair plant from Liepaya and Balderayskiy ship-repair plant from Riga equal 25 billion rubles [R], and the ships are being kept there as hostages.

The state of affairs is no better on two other naval ship-repair plants in Russia. In connection with the indebtedness of the Fleet, the plants are in a critical financial situation. Qualified personnel are being fired, while the Fleet is under the jeopardy of losing the ship-repair base. We are looking for ways to preserve it; we are working on the issue of repairing foreign ships in our ship-repair plants. However, this becomes practically impossible because of the cancellation of preferential customs duties for Kaliningrad Oblast. For instance, we have to pay duties of 1.2 billion R just on six engines from Germany delivered for our ships, and R187 million for 20 tonnes of paint.

I reminded the deputies that during the Soviet era, budget allocations amounted to 75 percent of the demand, and I appealed that we return to this number. We will take care of the rest ourselves. We already know, we have learned how to keep ships in normal order for about two periods between repairs. If we put up with the silent approval of the today's situation and undertake no measures, it will take a heavy toll on the Fleet's future.

I also asked for support of a ship construction program, in particular at our "Yantar" plant, which constructs the best ships and whose design belongs to the 21st century. The plant, too, needs financial support from the government.

Another vital problem is the delivery of consumer goods and military cargo to the oblast's territory. At the present time, transportation is realized basically by rail through the territories of Belarus and Lithuania. The absence of clear agreements makes the transit of materiel through Lithuania unreliable and unprofitable.

A similar situation occurs with the flights of Russian aircraft through the air space of the Lithuanian Republic. Lithuania allows the passage of transport planes only, which disrupts planned deliveries necessary for daily activities of troops in the Kaliningrad special military district.

The last, third group of problems relates to social issues, particularly assistance for the realization of the housing program. This issue is most acute. The Fleet left over 30,000 apartments in the Baltic states alone. Every fourth officer, ensign, or warrant officer does not have a home. In their number, 50 percent are ship crews. Families of the servicemen live in battle ships, sea tug boats, decommissioned ships, floating barracks, coastal subsidiary premises, and in barracks. Children do their lessons in cabins and play in ship corridors.

Several days ago Vladimir Soldatenko, sea infantryman and senior warrant officer, was killed in Chechnya when carrying out tactical tasks. He was one of 45 Baltic servicemen killed in the Chechen Republic. His wife and two children live in a barrack. Over half of the marine officers and warrant officers serving in Chechnya are in a similar situation.

The problem of providing housing to the servicemen of all power structures in Kaliningrad Oblast has been examined by the Security Council. By its decision, 17,717 apartments are to be constructed in Kaliningrad Oblast. The program has been already prepared, and it has been examined by the government structures already for half a year, but so far there is no finale to it. Most important, there is no financing for this program. Allocated financial funds for housing construction make up only 23 percent of the demand. At my speech in the Duma, I highlighted this figure, saying that with such financing the problem of housing for servicemen will be solved no sooner than in 15 years, and during that time a lot can change. I said that housing is the key issue that determines the climate not only in the military environment, but also in the entire oblast. This concerns the future of the Fleet and the Army.

[Rozhnov] Do people in Moscow know how much a serviceman spends on renting an apartment for his family? How after the cancellation of the preferential customs duties prices have gone up? How irregularly monetary allowances are paid in the units? It goes without saying that today the servicemen of Kaliningrad Oblast live much worse than their colleagues in other regions of Russia.

[Yegorov] As a commander, I have these questions in front of me all the time: How people will start their working day at the posts? Will they think about combat readiness, or worry how to provide for the families? Recently, I have been receiving reports that on the ships officers and ensigns do not eat enough, taking food home for their families. I reported this to the deputies, too, raising the issue of increasing living allowances for servicemen, workers, and employees approximately 1.4-fold. The abolition of preferential customs duties for the oblast resulted in a sudden drop in the standard of living. After the hearings, I had the opportunity, as a member of the delegation, to meet directly with Ivan Petrovich Rybkin [chairman of the State Duma], and I also reported the situation to him. I presented two charts of the sudden fall in the living standards of people within the last two months. According to our calculations, and we analyzed only one floating formation of Rear Admiral Kudryavtsev, only 20 percent of the servicemen are above the lowest subsistence level, while the remaining 80 percent are below it. I asked Comrade Rybkin to assist with the introduction of a territorial differential, if it is impossible to help us in some other way.

[Rozhnov] How much can the introduction of the law on Kaliningrad Oblast facilitate the solving of these vital issues?

[Yegorov] To speak about the heart of the matter, I, just as other people who spoke up, supported the motion on passing a special law on Kaliningrad Oblast, which once and for all would provide decisions in the interests of our people. I suggested that the law include specific regulations regarding the Kaliningrad special military district, and social protection for the servicemen: first of all, targeted financing of housing construction for a period no longer than three years; financing of ship repair by no less than 75 percent of the demand; raising the monetary differential for the district; and the last, to free the Army and the Fleet of all customs duties, as is practice in the world.

I need to say that a vast majority of the speakers at the hearings supported the idea of passing a special law on Kaliningrad Oblast, securing the special status of the region. There were objections, too, but they carry weight only in the eyes of the people sitting in Moscow. No matter how often they say that our oblast differs very little from Arkhangelsk or Sahalin oblasts, still, our oblast is specific; after all, it is separated from Russia by two states.

[Rozhnov] Still, how real is the prospect of the law being passed soon?

[Yegorov] I already said that an absolute majority of the deputies will be supporting the law. This is not only my opinion but also that of our entire delegation. Chairman of the State Duma Ivan Petrovich Rybkin also supported it. The text will be worked on by S. Glazev, and we think that the work on preparing the law (initiated by the Kaliningrad delegation before the hearings) will yield positive results. I hope that this law will be passed and that it will serve people, strengthen their belief that this oblast will always be Russian, that they will live here in a normal way, no worse than the rest of Russia. Along with it, our Baltic Fleet — our pride — will prevail.

[Rozhnov] Thank you.

Underfunding of Defense Sector Said Increasing

MM2706140895 Moscow KRASNAYA ZVEZDA in Russian 23 Jun 95 pp 1, 3

[Article by Valeriy Baberdin under the "Financial Barometer" rubric: "It's Nearly July, But There's Still No Clarity. Chronic Defense Sector Nonpayments Cause Avalanche of New Debts"]

[FBIS Translated Text] You might envy my neighbors at the next dacha. They have already been on leave for over a month, sheltering from urban Moscow life in the cool of the forest. And they have at least another six weeks of spare time to come. But, to be serious, there is no reason for envy — the leadership of the scientific research institute (part of the defense sector) has been forced to send most of its staffers on leave. In the future there are expected to be further staff cuts. There is no money to pay wages: The main client, the Defense Ministry, is chronically underfunded by the state.

It is an extremely unpleasant picture — last year it was possible to purchase for the Army only a few dozen new armored vehicles and tanks(!). "Kurganmashzavod," for instance, has now stopped looking to the Defense Ministry as the main provider of work, and 80 percent of the infantry fighting vehicles that it produces are exported, which is how it makes its living. At the "ZIL" AMO [expansion unknown] I was shown a report. Whereas the Defense Ministry used to buy around 10,000 trucks from them each year, in 1994 the clarified defense order was for only 160.

What does the "clarified defense order" mean? At the end of the year the government adjusts the volumes for purchases of industry [as published], military equipment, and weapons. I repeat, at the end of the year, when the bulk of output is already in the warehouses awaiting payment. As a result there are many conflicts and the Army, the Navy, and the defense industry suffer as a result. The state entered this year with a debt of around 3.9 trillion rubles [R] to the defense sector. However, the Finance Ministry preferred not to acknowledge this volume of debt for as long as possible and its representatives were prepared to talk only of a few hundred billion rubles. And when eventually there was serious discussion about debts and the equipment acceptance reports from military representatives within the framework of the 1995 budget law were presented, the Finance Ministry did its utmost to take into account only statistics from the State Committee for the Defense Industry. However, these were incomplete since they did not take into account the state's debts under the defense order to enterprises operating within the system of the Russian Space Agency (to which over 50 leading enterprises in the missile and space sector were transferred from the State Committee for the Defense Industry in 1994), the State Committee for Machine Building, the Russian Federation Committee for the Chemical and Petrochemical Industry, and other departments.

The draft 1995 budget as presented by the Finance Ministry did not take into account defense order debts. It was possible to place them on record only at the stage of discussion in the State Duma primarily thanks to tremendous efforts by the Defense Ministry and a number of deputies (Aleksandr Piskunov, Oksana Dmitriyeva, Svetlana Orlova, Nikolay Gonchar, Anatoliy Dolgolaptev). The acknowledged amount was R2 trillion. Of this sum R1,333 billion are debts for series deliveries, and R0.667 billion are debts for research and development. It has to be admitted that the Ministry of Internal Affairs [MVD], the second major state client, was unable to obtain even this. The MVD did not receive a single ruble to pay the 1994 debts, which is naturally very bad news for the defense sector and for the internal troops and other MVD formations that ensure law and order.

Naturally, until the 1995 budget was adopted, no one had any intention of paying debts. This was the situation until April. Then the Finance Ministry drew up a timetable for the repayment of 1994 debts until the month of July, and the first transfer of a considerable sum of money for this purpose was made 30 April.

The Defense Ministry's procurement organizations undertook the huge task of transferring this money not only to main contractors for the state order but also to second- and third-level subcontractors. The point is that in the current abnormal economy the main contractors are usually in no hurry to settle up with their suppliers: These delays often run into several months. Staffers of the Defense Ministry and Finance Ministry have recorded many cases where the commercial banks with which enterprises fulfilling the defense order keep their accounts retain this money themselves for several days. The Defense Ministry's appeals proposing that the payments system be improved and that stricter control be established over the passage of funds via commercial banks to the appropriate government organs have so far produced no results.

As of today the Finance Ministry has 90 percent fulfilled the timetable for the repayment of 1994 debts, but only with regard to the aforementioned R2 billion, not in relation to the entire real state debt for 1994. The Defense Ministry is having to repay the remaining R1.9 billion out of current revenue. In addition, current debts for 1995 are accumulating. Furthermore, to a considerable extent debts are being repaid with six-month treasury bonds. Thus by this policy the Finance Ministry is essentially extending the debts. You can imagine what inflation will do to the money throughout this time.

The economic position of defense enterprises remains exceptionally complex this year. In frameworks [as published] with a high concentration of defense production facilities sociopolitical tension is increasing markedly. Practically no funds for equipment repairs are being allocated to the Defense Ministry. Both economically and technologically this may be a painful blow to the majority of defense production facilities, especially those at the third and fourth levels of production sharing.

The situation is exacerbated by the fact that for six months defense enterprises have in practice not been receiving funds for conversion under the auspices of the State Committee for the Defense Industry.

Despite repeated appeals by Defense Minister Army General Pavel Grachev and his first deputies to the country's state leadership regarding these questions, a similar situation obtains with regard to other items of defense expenditure — maintenance of the Armed Forces (including combat training), and capital construction. A Defense Ministry proposal is currently under consideration in the Russian Federation Government — to take the real growth in prices into account in clarifying the budget figures for the second half of 1995 and to increase the corresponding figures in the defense budget.

But financial circles have suddenly come up with an idea. Wouldn't it be better if payments to enterprises under the state orders were made directly by the Finance Ministry, bypassing the Defense Ministry? Let them draw up lists of who is to be paid how much.

Incidentally, I discussed this with Defense Ministry experts, who do not reject in principle the option proposed by the financiers. A whole series of civilized states — France, for instance — have similar experience. However, in that case the federal budget has to be differently structured. The item concerning defense spending has to be written in detail, in terms of types and models of equipment to be produced or developed. And then the Finance Ministry is left with performing the role of cashier and also auditor overseeing the correct expenditure of funds by the Defense Ministry. But this is how things are done in countries with a normal economy, where the budget is strictly implemented and the increase in prices can be predicted with 100-percent accuracy. But when the budget is at best 65-66 percent implemented, as was the case last year, it is pointless to organize funding in that way. After all, in order to ensure fulfillment of the priorities of the military-technical policy approved by the Russian Federation Security Council and to save unique enterprises, our Defense Ministry has to adopt extremely complex decisions on current payments virtually every day. It has to bear in mind the extremely powerful lobbying, quite natural though it is, especially in such an acute situation, on the part of influential heads of administration, by heads of administrations, and by deputies of both chambers. [sentence as published] Government instructions on payments for the defense order and on the repayment of debts to regions and individual enterprises come pouring in, but they are usually not backed up by any money.

However, all those things are mere details. The main point is that, despite the adopted budget, which has the force of law, the payment of defense needs, including industry's defense order, is funded on the basis of the leftover principle. The second quarter is ending, but what did we get in the first? The official indicators regarding income are apparently quite good — 103 percent of the plan. Nontax items of income generally look excellent in the official statistics — 215 percent of the planned levels. But it has not been possible to properly organize expenditure. While on average it was 81.7 percent of the so-called Finance Ministry plan, for the "National Defense" item it was 69 percent and for the defense order it was just 41 percent! And 73 percent of this sum in Finance Ministry receipts for research and development was made of treasury bonds, in other words debt instruments, which cannot be used to pay wages. And this was happening at institutes and design bureaus where wages are determined by basic expenditure!

In the present conditions can you recover from our economy's most serious ailment — defaults on payment? Let us return to the aforementioned figure — the total debt of R3.9 trillion. In sectors such as machine building that is not merely a static sum of money. It produces a whole sequence of defaults on payment, and as a result each R100 or R1,000 increases by a factor of 4-4.5. The so-called multiplication effect operates. It triggers covert defaults on payment totaling not R3.8 [as published] trillion but R20 trillion. And this is merely the amount generated by the state's defaults on payment to the Defense Ministry.

But industrialists have to live somehow and preserve production and above all their skilled cadres, and to this end they have to at least pay their wages on time. So enterprise leaders have been forced to turn to commercial banks and to accept their often shackling credit terms. But then all this automatically affects the prices of goods and therefore again increases debts.

The budget and financial situation in the country remains complex, and no "manna from heaven" should be expected here. Those among the defense sector's plant directors who form the state order and are concerned with fulfilling it realize this perfectly well. They are demanding at least that the state fulfill its commitments to enterprises — if only at the same level as is being done in relation to the agrarian sector of the economy, for instance. The urgent demand by the procurement organizations and contractors for the introduction of a planned procedure for funding work is also legitimate. Incidentally, at the insistence of the Defense Ministry and a number of State Duma deputies, this is stipulated in the law on the budget. But this provision is not being implemented by the Finance Ministry and the law is thereby being broken.

The Defense Ministry has now sent to the Russian Federation Government a timetable of payments for the defense order through the end of the year taking all the underpayments of the first six months into account. Trust in the state and in the government will depend largely on whether it is accepted and is implemented. Within the framework of the discussion of the 1996 budget the Defense Ministry has also raised the question of increasing defense spending in constant prices. Justifying this, First Deputy Defense Minister Andrey Kokoshin said that the reduction of defense spending in our country is unprecedented and that it decreased in 1994-1995 even as a proportion of gross domestic product, even though the government's 1993-1994 forecast guidelines did not envisage this. At the same time the Defense Ministry is advocating as hard as it can the development of domestic potential for dual-purpose technologies, which is meeting with increasingly broad support from enterprise leaders and many administration heads. There is also a need for the speediest adoption of strong, really effective laws "On the Defense Order" and "On Defense Spending."

Federal Assembly

PRES Proposes Zero-Option Settlement to Duma

LD2706201395 Moscow ITAR-TASS in English 1342 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW June 27 (ITAR-TASS) — The State Duma's faction Party of Russia's Unity and Accord (PRES) proposed a zero-option settlement of the political crisis which was brought about by the lower house's recent vote of no confidence in the government.

Reversal of the vote by the State Duma and calling back of the letter which Prime Minister Viktor Chernomyrdin sent to the lower house almost immediately after the no-confidence resolution was out would remedy the crisis, PRES said.

The faction hinted that the Cabinet reshuffles by Chernomyrdin and President Yeltsin would palliate the crisis.

Chernomyrdin insisted in his letter that the State Duma hold another discussion of confidence, with a final resolution.

Chernomyrdin met the faction today, the PRES press service reported.

The meeting was one of consultations which Chernomyrdin started with State Duma factions in quest of a compromise.

Chernomyrdin stressed that the government wants political stability and cooperation of all power branches in solving Russia's political and economic problems.

The prime minister said the crisis need be overcome for the parliament to attend to numerous draft laws under its scrutiny and to the 1996 budget.

Political Situation Seen 'Not Hopeless'

MM2806081795 Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jun 95 p 2

[Report by Vasiliy Ustyuzhanin: "Government and Duma Will Clearly Agree This Time"]

[FBIS Translated Text] Chernomyrdin has shown himself to be a peacemaker yet again. This time in the conflict with the Duma. And he calculated his steps remarkably exactly. First he spoke so expressively and arrogantly in the Duma that even those who did not want to pass the no-confidence motion in the government voted for it. And a day later he launched a countersuit and firmly demanded that the Duma reaffirm its decision, but in a motion of confidence rather than no confidence. The situation is changing fundamentally. To pass a vote of confidence two days later would be political suicide for Duma members, and the Duma would find itself dead in the water.

First the deputies latched on to the constitutional provision that stipulates that the Duma is obliged to examine the premier's ultimatum at an extraordinary session within the next 10 days. At the 22 June Duma Council session the faction leaders agreed that it would be better to do this at an extraordinary session Saturday 1 July. Sunday would be the 11th day. The deputies agreed. Their argument was that they needed to check with their voters before the next vote. Is that convincing? Yes. But at the same time the Duma is disavowing its previous vote, which effectively expressed confidence in the power ministers. And, voting again, is recommending that the president remove Grachev, Yerin, and Yegorov as the main people to blame for the Chechnya war. In other words, on the other hand, the Duma is avoiding a swift inquest and swift reprisals (the president clearly hinted what decision he would make), while on the other hand seeking scope for compromise. Just where this scope lies is something that was suggested to the deputies by the president himself, when he talked of a possible government reshuffle. Admittedly, the Duma is not offering the president the most successful choice. Yeltsin would find it more convenient to remove the main intelligence man Stepashin and the main border guard Nikolayev. They are intellectuals. It is easier to pin the blame on them. Grachev and Yerin are (an important detail!) still Yeltsin's neighbors at No. 4 Osenniy Boulevard. Hand over your own? That is not the Russian way.

What about the premier? The premier is sure of himself once again. At the congress of the "Russia Is Our Home" movement, he stated that he was prepared to talk peace with the Duma. "Society will lose equally from the dissolution of parliament and the dismissal of the government." The premier is proposing that the president come between the two opposing factions. And he himself is prepared to meet with faction leaders.

The Duma is being given a chance. Will it take it? The situation is not hopeless. The lower house of parliament also has a peacemaker of its own — Speaker Ivan Rybkin. A "conciliator," an "opportunist," a "traitor" — what has he not been called by his parliamentary colleagues? But at the critical time only 73 deputies voted for his dismissal.

If parliament continues its work in July it will mean one thing — for the first time in many years Russia will have found a mechanism for resolving an acute political crisis.

Isakov: Political Crisis 'Artificially' Provoked

LD2606190795 Moscow INTERFAX in English 1522 GMT 26 Jun 95

[FBIS Transcribed Text] MOSCOW, June 26 (INTERFAX) — Chairman of the State Duma Committee on Legislation Vladimir Isakov said he believes that the present political crisis in the country was provoked artificially in order to get rid of the Russia Is Our Home movement's competitors.

He told INTERFAX in an exclusive interview today that the crisis involving cabinet and parliament "will have a serious negative aftermath for the country."

Isakov said the authorities wanted the Chernomyrdin electoral bloc to be the monopolist at the forthcoming parliamentary elections. "If the State Duma is dismissed, the political activity of parties will be paralyzed and Russia Is Our Home will not have serious competitors in the political arena," he went on to say.

Isakov said there were two possible ways for the situation to develop further. "The most efficient way, which is accepted by the Duma's legal experts, is that State Duma deputies refuse to discuss their attitude towards the cabinet once again," he said. He said he believed that if another vote on the issue be held on July 1 the State Duma was most likely to again vote for no confidence in the cabinet.

Isakov denied accusations made by government sources that the State Duma performs inefficiently. Isakov said parliament's lower chamber had adopted 244 laws since the beginning of its work. "We make laws but nobody carries them out," he said regretfully.

Speaker Rybkin Starting Own 'Movement'

MM2706103595 Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jun 95 pp 1-2

[Interview with State Duma Speaker Ivan Rybkin by Aleksandr Gamov; place and date not given: "What Does Ivan Rybkin Think About the Crisis of Power in Russia? Kremlin Drinks Kvass and Worries About People's Fate. During Lunch With the Duma Speaker Our Correspondent Managed To Worm Out Several 'State Secrets'"]

[FBIS Translated Text] [Rybkin] Many people are now arguing over whether it is better to dissolve the Duma or send the government packing. I think that both options spell ruin for Russia. If the Cabinet of Ministers resigns, the reforms, which are having a hard time as it is, will be slowed down. If the Duma is no more, the balance of power will be upset and the legislative process will come to a standstill. Therefore there is one conclusion: Seek accord!

[Gamov] Our lunch with the State Duma speaker at his dacha began with my almost putting a spoke in the wheel by unfortunately joking: People are saying, Ivan Petrovich, that you brought this furniture back with you from America. Rybkin did not take the joke and replied in all seriousness:

[Rybkin] The only thing that I wanted to use my official position to bring back was a summer suit. But the visit was so intensive that there was not enough time to get to the store. Go on, where else have was I "at fault"?

[Gamov] People say that you got your new apartment without waiting in line....

[Rybkin] My three-room apartment on Rublevskoye Shosse was cramped: My teacher wife plus my two student daughters and my parents for the most part live with me. My father is a Category I war invalid; two years ago he suffered a heart attack and a thrombosis, and now he needs constant care. My mother is also ailing slightly. Our apartment has four rooms and an office. [Rybkin ends]

At this point he looked at me sternly:

[Rybkin] If you are trying to catch me engaged in some kind of unscrupulous behavior, bear in mind that I have already experienced all this. Both during RSFSR people's deputy elections and later, during my work at the Supreme Soviet.

[Gamov] I did not force myself on Rybkin for lunch to "sniff round" his apartments and study the speaker's diet (incidentally, in the mornings here they eat ordinary cheese and ham sandwiches and drink mineral water).

That was not the only reason, shall we say. He seems somewhat perplexed at the moment and possibly at a crossroads: People are saying that he has lost his old team and a new one has not yet emerged.... I also thought that Rybkin was currently experiencing a great personal drama. The chamber that he runs has tabled a vote of no confidence in the government. On the whole I wanted to have a heart-to-heart talk about everything.

[Rybkin] You were right about the drama. This is a personal drama, although it does not only concern me. The drama is that we are paying too high a price — both in social and moral terms — for the reforms now being implemented in Russia. Naturally, I have been pondering this long and hard. And my conviction that the way back is barred has been joined by another: We have passed the revolutionary point beyond which Russia's future appears to take the form of a clash between the "righteous" and the "guilty." Well, suppose we topple first one, then another, then a third.... What then? The problems will still remain!

[Gamov] I thought that Rybkin would as usual present me with a "panoply of reasons" why the mistrustful Duma should not rush to pass judgment on the government. But he unexpectedly said:

[Rybkin] I would not rigorously condemn the Duma. The trouble is that many of our deputies think that they "reflect the people's thoughts and aspirations." I would be happy if that were the case. But do not forget that the lower chamber of parliament was elected just over two months after "Black October." A great deal has changed in the country since then. And remember that 35 associations joined in the election campaign then, only 13 won voters' support to the extent of 100,000 votes, and only eight associations passed the 5-percent barrier 12 December. At the time around one-fourth of the entire adult population could say with every justification: This is not our Duma! And how many voters in this 18-month period became disillusioned with their idols? It looks as though an extremely substantial section of the population remains unrepresented in our chamber. So can we claim to be voicing the interests of the majority of the population when adopting major decisions — and I include the recent vote of no-confidence in the government? Probably not.... However, I do hope that the Duma is finally working out a well-considered stance.

[Gamov] In your view, what is in Russia's interests? — I asked the speaker the question on everyone's lips.

[Rybkin] I think that centrist sentiments are coming to the fore in our society, weary as it is of extremes. And the future lies with the center, which many people still consider puny and useless. I believe that we will soon see that.

[Gamov] Why can you, unlike Chernomyrdin, who cobbled together a right-center bloc in three weeks, not get round our home-grown left-centrism?

Rybkin thought for a minute and then said mysteriously:

[Rybkin] OK, I have not told anyone about this, but I will confide in you: We began getting our movement together 18 months ago. There are around 300 organizations registered by the Justice Ministry — ranging from agrarian and veterans organizations to youth organizations — among our potential allies. Around 30 of them have already expressed a desire to go into the elections as part of a single team. This group is gradually expanding. So no one has deserted me and I have not lost anyone.

[Gamov] Why have you not made yourself known at large hitherto?

[Rybkin] All in good time: Once we have joined forces, we will get properly established....

[Gamov] It was hot. The speaker opened the window and took off his "winter" jacket. Then he was called into the next-door room to the telephone. Talk of the devil — Chernomyrdin was on the line.

The guard shut the door tight and, no matter how I tried, I could not tell what the speaker and the premier were talking about. Some 15 minutes later Rybkin appeared.

We were talking about matters which it is hard to describe as current, Ivan Petrovich said not very willingly. About Budennovsk, Chechnya, and the upheaval in the Duma. Viktor Stepanovich is very interested in how we are organizing our "election house."

And you told him? But he is your rival, in a way.

[Rybkin] Should we not be talking to one another now?

[Gamov] Might not the premier get some secret out of you and snatch your voters?

[Rybkin] I do not think that Viktor Stepanovich is interested, even after all that has happened, in the parliament's being entirely pro-government, Ivan Petrovich said with what seemed to me some hesitation. He would like to see people in the Duma who oppose his Cabinet. But he is doing this in an intelligent, constructive way, without going into hysterics. If you look into this you will see that the premier and I have the same agenda, namely to build up in the Duma of the future the kind of parliamentary majority that would make it possible to form a stable coalition government accountable to the State Duma, the president, and the people. In the current situation, as you were able to see for yourself a few days ago, there is no one to seriously call to account for the state of affairs in the country.

[Gamov] I admit that I was somewhat shocked by such frank opinions coming from Ivan Petrovich. I could not restrain myself from asking him: What is this: a conspiracy between the premier and the speaker behind the voters' back?

[Rybkin] Call it what you will — Rybkin was not phased one bit — but this is a requirement of life. If you like you can also accuse me of pursuing another "selfish" objective in forming my election bloc and cooperating with Chernomyrdin in this: I want to ease the life of the next State Duma speaker. With a situation like the one we have now, where there are 11 factions and groups of deputies in the lower house of parliament, a whole lot of time and effort is spent even on coordinating the agenda for plenary sessions, and adopting laws is so excruciating.... I want the Duma to reflect a real rather than an artificial multiparty system born of the voters' will with three or four — or at most five — parties, and I want two or three of them to form a parliamentary majority representing the interests of broad groups of voters.

[Gamov] What about the other parties and movements?

[Rybkin] No one is trying to cut them out: Let them go ahead and campaign for seats in parliament on both party lists and in single-seat districts.

[Gamov] It looks as though you people at the top have agreed on everything, the stage is set for the future elections, and the roles are cast.... But what about democracy?

[Rybkin] The elections will be free and democratic. Regardless of what is now being decided in the Kremlin, in the White House, or on Okhotnyy Ryad, voters will have the main say.

[Gamov] Oh really? Our glasses were empty, and I availed myself of my right as "junior" to refill them, deciding that Rybkin was ripe for my main question. The point is that the premier has already stated unequivocally: "I have no intention of standing in the presidential election." But the State Duma speaker is keeping silent. What did this mean?

[Rybkin] But Boris Nikolayevich has not yet made up his mind, Rybkin said with some embarrassment. If he says that he will not stand, then we will talk about a specific candidate capable of winning the support of the overwhelming majority of the population.

[Gamov] Then after a pause, fortified with sandwiches, he began to say quite brusquely:

[Rybkin] When the people stay silent, a small group of people can do what they want. That is the greatest danger. And God help us if we encounter that in the coming elections — either the parliamentary or the presidential. If the bulk of Russian citizens go to the polling stations, they will elect the right person. So long as the cursed Russian tradition does not come into play, namely that of beheading the person who is more far-sighted and knowledgeable than the other "saviors of the Fatherland."

[Gamov] I had to ask the speaker the following question: Some of our CIS neighbors have found a simple solution to the problem of "stability of power" — they have held referendums extending the authority of their head of state. Does Yeltsin not intend to avail himself of that experience?

[Rybkin] When we four — the president, the premier, and the speakers of both chambers — meet and talk about the coming elections, no one even hints at a referendum: That is pointless. If Boris Nikolayevich makes some decision, he cannot be made to do an about-face. That is his nature.

[Gamov] What do you discuss in your closed sessions? Do you have drinking sessions? And what do you drink — cognac, dry wine....

[Rybkin] We are totally unanimous when it comes to drink: We drink kvass (laughs). And other things too. But in very moderate amounts. And these sessions are fairly rare occurrences: not before.... Like everyone else we talk unofficially about one thing, namely life, which is no bowl of cherries. I can assure you that the president, the premier, [Federation Council Chairman] Shumeyko, and I have not abandoned our roots, we maintain contact with old friends, we know what life is like for ordinary people, how hard things are for them today. These discussions are difficult. And if anyone from outside listened in, they might treat us differently. I can tell you with complete sincerity that none of us four will cling onto power, as some people try to say. You should know what a difficult burden it is. But it is just impossible to abandon everything halfway. Russia has put too much effort into advancing, albeit slowly and with mistakes made along the way. And we very much want people to understand us.

[Gamov] ...As we said good-bye after lunch the speaker took me around his dacha: There was indeed no sign of any American chairs anywhere.

Impeachment Move Aimed at Changing Political Course

MM2706110195 Moscow PRAVDA in Russian 24 Jun 95 p 1

[Report by Valentina Nikiforova under the "Parliamentary Diary" rubric: "Duma Has Taken Up Government Challenge"]

[FBIS Translated Excerpt] [passage omitted] It was announced at the State Duma session that 155 signatures had been collected for the president's impeachment on a communist initiative. O. Mironov proposed including this question on the agenda. I. Rybkin demanded that the actual signatures be produced. O. Mironov gave clarification, saying that the Constitution mentions not signatures but an initiative by deputies. The proposal mustered 178 supporters — most likely because of the procedural dispute. And according to the State Duma's standing orders it is now possible to set up a commission, present the signatures, and prepare a case for a decision to impeach the president.

But now let us consider how it would be better to act.

O. Mironov: "It is time to turn the State Duma into a political platform where important issues are resolved — issues concerning the life of the state and the people. The issue of the president's dismissal from office is now uppermost, as his policies have led the country up a blind alley and plunged it into bloody conflicts."

V. Isakov: "There is no need to make a meal out of the president's impeachment and the vote of no confidence in the government. According to the Constitution, the State Duma has three months in which the government can make amendments to its policies. Or else the government can try to push through a resolution right now to its own benefit, along the lines: Show your confidence in us and we will set the policies right later. That is a cheap political game!"

If only it were a game!

The Communist faction's statement says that its "main complaints against the regime lie first and foremost in its responsibility for the collapse of the country's economy, the suffering of millions of working people, the tears of refugees, and the slighting of our homeland's history," meaning that a different course in principle is necessary and that different people are needed in the executive branch of power.

Communists Secure Support For Impeaching Yeltsin

LD2706120995 Moscow INTERFAX in English 1012 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — The State Duma's Communist faction will inform its colleagues during an emergency session on July 1 that it has collected the required number of signatures under a demand for initiating impeachment procedures against President Yeltsin.

According to sources in the Communist faction, the demand was signed by 162 deputies.

The same sources said that the Communist faction will inform the deputies that it has secured the support of 90 deputies, sufficient for repeat consideration of a vote on confidence in the government.

As we reported earlier, on July 1 the State Duma will convene for an emergency plenary session to consider Premier Chernomyrdin's proposal on a repeat discussion of the confidence issue, made after the Duma passed a no-confidence vote in the government on June 21.

The president did not agree with the Duma, however.

If the deputies express no confidence in the government for a second time, in a vote initiated either by the premier or the deputies, the president will have to either accept the government's resignation, or disband the Duma.

Federation Council 'Will Not Support' Impeachment

LD2706185895 Moscow ITAR-TASS in English 1142 GMT 27 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, June 27 (ITAR-TASS) — The Federation Council (Russian parliament upper chamber) will not support a proposal by the State Duma (lower house), if it makes such a move, on sacking the Russian president, said Anatoliy Fedoseyev, deputy chairman of the Federation Council Committee on Constitutional Legislation and Legal Affairs, in an interview with ITAR-TASS here on Tuesday.

Under Article 93 of the Constitution, the final decision on suspending the president is taken by the Federation Council on the grounds of the State Duma's impeachment confirmed by the Russian Supreme and Constitutional courts.

"Both deputies and the Federation Council speaker are quite reasonable and sober-minded people who will not support an impeachment campaign against the president, launched by some State Duma members, will not aggravate the crisis of power and will not push the country into chaos," stressed Fedoseyev who is a professional lawyer. "Consequences of this move which has no constitutional justification, will have only this result."

As for the no-confidence vote in the government, Fedoseyev said, "this is a logical stage in the election campaign conducted by the State Duma."

The senator explained that candidates had to portray themselves as "guardians of people" during the election race conducted in a very difficult economic situation.

Since the government has not fed people after 18 months of parliament's work, the Duma "should display concern over this fact and drive home to people that it takes care of them by sacking the government".

Fedoseyev said that the events in Budennovsk were used as a pretext for these political gambles. However, he supported his colleagues from the Duma on the question of no-confidence in power-wielding ministers.

"The State Duma is right saying that power structures do not fulifill their duties adequately". He called their leaders "odious figures who are not professionals".

The war in Chechnya confirmed that "degradation in the army has not disappeared". Fedoseyev expressed supposition that it had been possible to neutralise Dudayev's armed detachments on a local scale without stretching combat operations for six months.

Fedoseyev noted that claims to Minister for Nationalities Affairs Nikolay Yegorov were "unsubstantiated, since the development of events in Chechnya did not depend on him".

Constitutional Amendments Alter Balance of Power

MM2806084295 Moscow ROSSIYSKIYE VESTI in Russian 27 Jun 95 p 2

[Article by Olga Burkaleva: "Power Is Not Enough for the Duma. It Wants To Alter the Constitution To Suit Itself as Well"]

[FBIS Translated Text] The State Duma has not only expressed a vote of no confidence in the government but, evidently inspired by its successes, has adopted three laws that amend the Constitution, significantly expanding the powers of the Federal Assembly and changing the prevailing balance of power in the current Constitution. Since laws on government are constitutional laws, over 300 votes were required to adopt them. And these were found. In order for these laws to be considered adopted, they have to be approved by three-fourths of Federation Council deputies and at least two-thirds of the components of the Russian Federation. And then the president, under the Constitution, has to sign them within two weeks. The presidential veto procedure does not extend to constitutional laws, unlike federal ones. And this means that theoretically there is a chance of obtaining, even before the new elections, a stronger and more influential Federal Assembly which will turn from being a "law factory" into a powerful lever for running the country.

That is what the amendments to the Constitution are aimed at. They are divided into three blocks. The first establishes supervision by the representative organs of power over the formation and activity of the government and its individual members. It is proposed notably that the president appoints not just the government chairman with the agreement of the State Duma, but also his deputies, the power ministers, and the foreign minister (which is what the Supreme Soviet once feverishly strove to do).

The second block of amendments envisages the possibility of the State Duma's expressing no confidence not only in the Cabinet of Ministers as a whole but also in its individual members. Furthermore, the proposed procedure envisages the mandatory dismissal of a minister from the post he occupies if the State Duma twice adopts a decision, by two-thirds of the votes, on no confidence in the member of the government in question. However, the State Duma has monopolized this right and has not shared it with the upper chamber — the Federation Council. Furthermore, the draft law was only adopted once the rights of the Federation Council to pass a no-confidence vote in an individual member of the government had been removed from the text of the amendment.

The third block of amendments concerns the implementation of the institution of parliamentary investigations as a form of supervision by the Federal Assembly over the activity of organs of state power, including the Russian Federation government, its individual members, and any state officials. Parliamentary investigations, the authors of the draft law (deputies who are members of the commission for legislation and judicial-legal reform) believe, is an efficient instrument that affords the country's public the opportunity to assess the effectiveness of the executive's actions. In the same way, of course, the supervisory functions of parliaments in world practice are an indispensable condition of steadfast constitutional order. But in Russia, as events from pretty recent history have shown, this condition can easily turn into its own opposite and become a factor destabilizing the situation and an instrument in a struggle for power. We will see what the Federation Council deputies and Russian

Federation components who have the final word on the amendments being made to the Constitution think about this subject. However, it is scarcely likely that any of them will want to retread the path from December 1992 to October 1993.

Regional Affairs

Talks on Settlement in Chechnya Resume in Groznyy

Government Delegation Arrives

LD2806082095 Moscow ITAR-TASS in English 0619 GMT 28 Jun 95

[By Sharip Asuyev and Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY, June 28 (ITAR-TASS) — Despite difficult political issues to be discussed at the talks on a peaceful settlement of the Chechen conflict, which will resume here on Wednesday, there are all prerequisites for adopting compromise decisions connected with forming new bodies of power in the republic, Vladimir Zorin, deputy head of the territorial administration of federal authorities in Chechnya, said in an interview with ITAR-TASS before the start of today's negotiations.

At the first stage of talks, the sides settled military issues connected with reforming separatist leader Dzhokhar Dudayev's detachments and a gradual withdrawal of federal troops from Chechnya, Zorin noted.

"Another thing is also important," Zorin stressed. "Growing numbers of people, even among Dudayev's supporters, started understanding futility of further bloodshed."

The second round of talks is to start in Groznyy today at 10:00 at the mission of the Organisation for Security and Cooperation in Europe. At the same time, ITAR-TASS learnt from reliable sources, it is quite probable that Dudayev's side will insist on changing the place of negotiations.

The Russian delegation is ready for such a turn of events, said its leader Vyacheslav Mikhaylov, First Deputy Minister for Nationalities Affairs and Regional Policy.

The Russian Government delegation arrived at the talks in the same composition, as it participated in the first part of the dialogue. Apart from its leader Mikhaylov, it includes vice-premier Nikolay Semenov, head of the territorial administration of federal authorities in Chechnya, Colonel-General Anatoliy Kulikov, commander of federal forces in Chechnya, and president of the Russian Union of Industrialists and Entrepreneurs Arkadiy Volskiy who represents the public at large.

As for the opposite side, there is no information at this time who will represent Dudayev at the second stage of negotiations. Usman Imayev, former Chechen prosecutor-general, headed Dudayev's delegation at the first round.

Calm fell on the Chechen capital at dawn today. However, shooting from firearms as well as several artillery explosions were heard in Groznyy overnight. Circumstances of night events and information on possible casualties are being specified.

Hundreds of people are now converging on the OSCE mission where the talks are to be resumed. People express hope that this meeting will be successful, and a long-awaited peace will be established in Chechnya at long last.

Chechen Delegates Listed

LD2806092595 Moscow ITAR-TASS in English 0813 GMT 28 Jun 95

[By Sharip Asuyev, Nikolay Zagnoyko, and Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY, June 28 (ITAR-TASS) — The Russian delegation to the Groznyy peace talks, which were resumed here today, plans to offer the Chechen side to hold free elections in the republic and to form a Coalition Council.

"The main issue is now political at the negotiations: elections and preparations for them," journalists were told by member of the Russian delegation Arkadiy Volskiy before the opening of the talks. "We shall offer the other side to form a National Coalition Council, which will include representatives both from Dzhokhar Dudayev and from the opposition, in accordance with a fixed quota," he added.

No substantial changes were made in the composition of the delegations, taking part in the current round of negotiations. True, commander of the Joint Group of Federal Troops in Chechnya Colonel-General Anatoliy Kulikov is so far absent.

The Chechen delegation includes Usman Imayev (ex-Procurator-General), Akhmed Zakayev (one of Dudayev's field commanders and former head of the Department for Culture), Aslan Maskhadov (Dudayev's Chief of Staff), and also Shirvani Basayev, brother of Shamil Basayev. He is the delegation's military expert.

The negotiations are also attended by Vice-Chairman of the Chechen National Concord Committee Lecha Magomadov, Vice-Chairman of the National Revival Government Abdulla Bogayev. The republic's public circles are represented by ex-Foreign Minister of Chechnya Shamil Beno.

Sides Discuss Cease-Fire Implementation

LD2806113195 Moscow ITAR-TASS World Service in Russian 1043 GMT 28 Jun 95

[By ITAR-TASS special correspondents Sharip Asuyev, Nikolay Zagnoyko, and Sergey Trofimov]

[FBIS Translated Text] Groznyy, 28 Jun (ITAR-TASS) — A short break has been announced at the Groznyy talks on a peaceful settlement in Chechnya, after which the sides will embark on examining the political aspects of the settlement.

Vyacheslav Mikhaylov, head of the Russian delegation, told correspondents that the morning sitting discussed a mechanism for implementing a number of accords on military issues and the observance of conditions for a moratorium by the two sides. He said that a commission has been set up to check the facts surrounding violations of the moratorium.

According to Arkadiy Volskiy, a member of the Russian delegation, the talks will resume after lunch when the sides will examine political issues. Yunadi Usamov, acting vice premier in the National Rebirth government, has joined the talks.

Chechen Side in Talks 'At One With Basayev'

MM2806143795 Moscow KRASNAYA ZVEZDA in Russian 28 Jun 95 p 1

[Article by Oleg Odnokolenko: "'Diplomacy of Terrorism' Put Into Effect. Can Russia Be Talked to in This Language?"]

[FBIS Translated Text] Be that as it may, the Russian-Chechen talks are a fact. No right-thinking person would dispute that a fragile truce is 100 times better than a good bombing and shooting war. The nature of the talks is another matter. There is no doubt that lately Dudayev's forces have been more interested in a cease-fire. This is evidenced by the results of combat operations, and the leaders of Chechen armed formations themselves make no secret of the fact that they are in a hopeless situation. But they did not want to come to the negotiating table defeated, or virtually defeated....

As we know, Shamil Basayev did not "feeneesh his studeez" — either military or diplomatic. But, however deplorable, it was he who forced mighty Russia to scrap its tough policy on rebels, writing the term "the diplomacy of terrorism" into interethnic relations forever. It cannot be ruled out that this move will now be widely incorporated into the armory. At least, the Chechen side is using it fairly actively. As is known, on the eve of the second round of the talks in Groznyy Basayev again "went on air" and told an AFP correspondent that he was ready to "continue the war on Russian territory" should the talks on settling the crisis in Chechnya break down. According to him, 63 gunmen are already waiting for their commander in a Russian city. Then Basayev appeared on NTV, where he repeated everything. Stills from this trailer confirm the worst fears: Other field commanders have gotten a taste for "the diplomacy of terror."

Only the most naive or completely ignorant person could think that Chechen participants in the talks are not completely at one with Basayev. The Russian press has stayed customarily silent, while the impartial REUTER reported everything verbatim., Following their diplomatic condemnation of the tragedy in Budennovsk and their promises to help find the "commander of the sabotage detachment," Chechen leaders Uslam Imayev and Aslan Maskhadov immediately climbed onto a jeep and publicly proclaimed Basayev a national hero. Moreover, it was said that the Chechen people and leaders of Chechnya are prepared to die to ensure that not a hair on Basayev's head is harmed. This is the Dudayev side's true official position. It leaves no doubt about the nature of the talks and the real intentions. Beforehand the military, even before these revelations, regarded the talks as nothing but a ruse needed to get out of a difficult military situation. Unfortunately, they have no doubt that combat operations will be continued. Even the Chechens are making no big secret of this; they are merely indicating another war address — Russian territory.

At the same time as Basayev dictates his ultimatums from the remote Dargin mountains and strikes fear into the inhabitants, our statesmen's speeches are rambling and vague. Their actions are uncertain, they are simply not to be seen.... Or are our authorities really so insignificant that they can be threatened by every Tom, Dick, and Harry?

Volskiy Says Basayev in Pakistan; Views Threat

LD2706171795 Moscow INTERFAX in English 1431 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — The leader of the Chechen gunmen who captured hostages in Budennovsk, Shamil Basayev, is staying in Pakistan, a deputy head of the Russian delegation to the talks with Dzhokhar Dudayev's representatives, Arkadiy Volskiy, told journalists before leaving for Groznyy Tuesday [27 June].

According to Volskiy, "the OCSE [Organization for Security and Cooperation in Europe] leadership" had supplied this information to him.

Volskiy was skeptical about Basayev's threat to spread military operations in Chechnya all over Russia. "It is very unlikely, otherwise it will all start anew," he added.

Pakistan Ambassador Denies Report

LD2706185195 Moscow INTERFAX in English 1833 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — Pakistani Ambassador to Russia Tanvir Ahmed Khan described as "utterly baseless and mischievous" the news that the organizer of the gunmen's raid in Budennovsk, Shamil Basayev, is staying in Pakistan in an interview with INTERFAX Tuesday [27 June]. Such misinformation has affected the friendly relations between Russia and Pakistan, he added.

A member of the Russian delegation to the Groznyy talks, Arkadiy Volskiy, had made this statement with reference to the OCSE [Organization for Cooperation and Security in Europe].

The diplomat said the question of Pakistan providing asylum or sanctuary to Basayev had never arisen.

"Pakistan is in the forefront of fighting terrorism and condemns all forms of it," the ambassador added.

Medvedev: Basayev Whereabouts 'Unknown'

LD2706170795 Moscow INTERFAX in English 1521 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — The present whereabouts of Shamil Basayev, commander of Chechen gunmen who nearly two weeks ago attacked a south Russian town, killing about 100 people and taking several hundred hostage, is unknown, Russian President Boris Yeltsin's chief spokesman said on Tuesday [27 June].

Basayev "is not in (Georgia's separatist region of) Abkhazia, nor is he in Russia," Sergey Medvedev told a news briefing in the Kremlin.

"Basayev may be taking medical treatment in one of the neighboring states," he suggested.

Going over to a meeting on Tuesday between Yeltsin and Russian officials who are currently negotiating with the Chechen rebels, the spokesman said: "The participation of (Chechen leader) Dzhokhar Dudayev in the political life of Chechnya was not discussed."

Yeltsin offered to send a special presidential envoy to the talks, held in the Chechen capital Groznyy, to be "guarantor of future agreements," Medvedev said.

Basayev Threat of Terror if Talks Fail Viewed

MM2706145495 Moscow IZVESTIYA in Russian 28 Jun 95 p 1

[Report by Valeriy Yakov under the general heading "People, Not Terrorists, Need Peace in Chechnya"]

[FBIS Translated Text] Stage two of the talks on the peaceful settlement of the conflict in Chechnya opened in Groznyy 27 June. This time the main question under discussion was to ensure guarantees for the holding of elections to the local organs of power in the republic.

But the day before Shamil Basayev in an interview on NTV issued an overt threat which essentially boiled down to this: If the results of the talks do not suit Dudayev's people, Russia can expect new terrorist acts.

Hardly anyone is surprised by the absolutely paradoxical situation — virtually all Russia's law enforcement organs are actively seeking the gunmen's leader and the press are stating that an order for his arrest has already been issued, meanwhile Basayev calmly gives interviews to foreign and Russian journalists. Inevitably the impression is that either the special services are absolutely inept or the journalists are very adept. There is a certain amount of truth in that but at the same time there are other no less important factors involved.

The Russian authorities, which have constantly been declaring virtually throughout the months of the war that the situation in Chechnya is under their complete control, are finally driving themselves into a corner and are falling victim to their own lie. The joint federal troops have been advancing across the republic's territory with bloody fighting literally every step of the way but this does not mean that all the territory "assimilated" ["osvoyennyy"] — even less that which is "not assimilated" — is under control. The best confirmation of that is provided by the search for Dudayev launched and widely publicized back at the start of February. Since then Dudayev has met with journalists many times, given press conferences, and even, according to available information, traveled outside the republic but the law enforcement organs have been unable to catch him.

I see nothing surprising in this after I myself traveled as a hostage with Basayev's detachment to the Chechen mountain village of Zandak. At the very start of our difficult journey I was astonished: Why was Basayev so candidly telling the authorities where his route would end? After all, simple logic suggests that this is precisely where special units would be dispatched immediately so as to descend on the gunmen as soon as they released the hostages. In view of that we, the hostages, did not believe until the end that the gunmen would leave the final stage of their route unchanged. They did not change it. It turned out that there was no point in changing it. Because as soon as the bus convoy crossed the Chechen border we were surrounded by an enormous number of armed people and local inhabitants. It would have been simply ludicrous to talk about the Russian troops' control of this territory. No snatch squads would have dared to poke their noses in there. So Basayev did not even have to take cover, he calmly switched from a bus to a Niva jeep and drove around his country as a hero.

It is regrettable, of course, that it was a terrorist action of all things which ultimately brought the authorities to the negotiating table. And that terrorists were greeted as heroes all the way through Dagestan and Chechnya. Nevertheless, it makes no sense to regard the gunmen as peacemakers if only because war is their natural environment. And the majority of those whom I met, I believe, were pleased not with the terrorists, who shed the blood of totally innocent people, but with the fact that a real chance of halting a war that no one wants has finally appeared.

MVD's Yegorov: Basayev 'Could Have Been Disarmed'

MM2706142795 Moscow IZVESTIYA in Russian 28 Jun 95 p 1

[Report by Aleksey Chelnokov: "MVD and 'Alfa' Consider Chernomyrdin's Decision Wrong"]

[FBIS Translated Text] Mikhail Yegorov, Russian Federation deputy minister of internal affairs, said at a briefing devoted to the hostage-taking in Budennovsk that the terrorists should not have been sent back to Chechnya. "Shamil Basayev and his people should have and could have been disarmed in the hospital," his statement was backed up by Aleksandr Gusev, commander of the "Alfa" special group.

The order for the storming of the hospital captured by the Chechen terrorists, during which a number of hostages died, was given collectively, according to Yegorov, namely by himself and Minister Yerin. When Premier Chernomyrdin later decided to give Basayev security guarantees, the power ministers had to obey.

Yegorov described the operation to release the hostages as a success — "from the military viewpoint." The federal forces lost five men while the terrorists lost 21. The minister was unable to give the number of hostages who died during the assault.

There were no concrete answers in response to journalists' questions as regards how several hundred Chechen guerrillas were able to freely enter Budennovsk. That is strange if only because it is virtually impossible to keep this kind of act of terrorism secret from the special services. (Gusev described it as unprecedented in the history of world terrorism). Especially since, the day after the hostages were taken, Yegorov had in his possession an extensive file on all the guerrillas in Basayev's detachment.

M. Yegorov refused to give guarantees that a similar act of terrorism will not happen again elsewhere in Russia. He was only able to promise that in the future in the event of such incidents drafted personnel would not be used to blockade the terrorists.

Justice Minister on Basayev Crimes, Duma Vote

MM2706132695 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 27 Jun 95 pp 1-2

[Interview with Justice Minister Valentin Kovalev by Aleksandr Aleshkin, under "Top Official" rubric; place and date not given: "Valentin Kovalev: Accountability Inevitable. Criminal Proceedings Under Articles of the Law Carrying the Ultimate Penalty Instituted Against Terrorists Who Caused Bloodshed in Budennovsk" — first two paragraphs are introduction]

[FBIS Translated Text] The pain endured by the country during the tragic days in Budennovsk is not abating. People want to know: Will just retribution befall the bandit Shamil Basayev and his accomplices? And are we insured against similar tragedies in the future?

Valentin Kovalev, Russian justice minister and member of the Security Council, answered these and other questions put to him by your ROSSIYSKAYA GAZETA correspondent.

[Kovalev] As a result of the tragic events in Budennovsk, criminal proceedings were immediately instituted under five articles of the Criminal Code: Article 77-2 (organization of illegal armed formations), Article 79 (mass disorders), Article 102 (first-degree murder), Article 126-1 (hostage taking), and Article 213-3 (terrorist act).

These are particularly dangerous crimes and some of these articles of the law carry the ultimate penalty.

We cannot allow terrorists to dictate political decisions to us. When dealing with common criminals you have to use the language of the criminal law, not the language of politics.

The criminal investigation will work most painstakingly to reveal all the facts and circumstances surrounding the criminal actions and will determine the degree of guilt of each gang member and the appropriate measure of punishment.

[Aleshkin] Valentin Alekseyevich, many Russians felt a sense of bitterness when the bandits used a human shield to escape into the hills. This fact made it very difficult if not virtually impossible to exact just retribution. But then came the sensational statement by the Chechen side at the Groznyy talks about its readiness to surrender Basayev's group to the Russian law- enforcement agencies. Can you comment on that?

[Kovalev] First of all, no one should be in the slightest doubt about the inevitability of lawful retribution for the crimes committed by the terrorists in Budennovsk. The law-enforcement agencies will do everything possible to ensure that.

Now I shall comment on the Groznyy statement. In addition to the legal aspect the crime also has a moral aspect. I have always believed — and the recent events have not shaken my belief in this regard — that the Chechens are a courageous and steadfast people with strong moral convictions. But the gunmen with automatics who invaded a peaceful city and gunned down dozens of totally innocent people are no longer members of the Chechen people.

A real Chechen man is one who does not shoot a woman, certainly not a pregnant woman, a child, or an unarmed man. The image that Basayev and the members of his gang presented to the Russians and the whole world is not the image of Chechens as publicized in some of the mass media in recent months. That is why, it seems to me, true Chechens who cherish the moral values of their people and have distanced themselves from Basayev stated at the talks in Groznyy that they will assist in handing Basayev and his gunmen over to the federal law-enforcement agencies.

[Aleshkin] In that case does it not seem strange to you that some of the mass media, which for six months regarded the actions of Dudayev's gunmen "with understanding," were in no hurry to denounce the terrorists, sought a political subtext to their actions, and ultimately tried to pin the blame on the country's political leadership which adopted the decision on restoring constitutional order in Chechnya?

[Kovalev] Regrettably they also included some politicians (fortunately only a few) who claim to be the true defenders of people's rights. The stance they adopted in the past actually encouraged and incited the bandits' actions in Budennovsk. And during the tragedy itself they essentially did nothing to condemn Basayev and continued from habit to focus public attention on the dramatic consequences of the abortive storming.

But the people who made an attempt on the lives of innocent people in Budennovsk cannot be regarded as political fighters under any circumstances. They are bandits. That is all! All that we are dealing with here is a punitive operation and intimidation. Basayev and his accomplices committed a heinous crime. They must be punished for that. Let no one try to portray them as political freedom fighters.

By their actions the terrorists did nothing to help the political settlement of the Chechen problem. On the contrary, they almost provoked fresh tension in the region.

[Aleshkin] The punishment of those to blame for the tragedy in Budennovsk is an important but nevertheless local task for the law- enforcement organs. What measures will be taken to prevent terror against peaceful civilians in the future?

[Kovalev] The population's safety from terrorist encroachments is a problem of state importance. That is why when investigating the cause of the tragedy in Budennovsk and devising measures to help those who suffered at the terrorists' hands it is necessary to preclude similar tragedies in the future.

In my view it is necessary to reinforce the specialist anti- terrorist subunits both quantitatively and qualitatively. As President Yeltsin said in Halifax, international integration and the pooling of the world community's efforts in the fight against this type of crime are essential.

The Cossacks must have their say in the fight against terror. They themselves have been showing initiative on this question, and the Cossack community has sent quite a few appeals to various federal agencies, including my own.

This question was the subject of a special discussion at a Security Council session even before the events in Budennovsk. A working group was set up and is preparing normative acts. There are quite a few problems here, and they are fairly complex: The organization of the Cossack communities, their joint subordination to the federal organs, questions of land use, military service in the proper sense, and so forth. But they can be resolved.

I believe that the Cossack subunits are a major stabilizing factor, especially in southern Russia. In some regions of the North Caucasus the Cossacks are already successfully serving the protection of public order.

[Aleshkin] It is absolutely obvious that the peacemaking process in the Chechen Republic will actively influence the stabilization of the situation throughout the North Caucasus region. Recently there has been encouraging news from there about the restoration of a peaceful life for the inhabitants. What is your ministry's role in this matter?

[Kovalev] It is every bit as important as the work of other departments. Dudayev's regime not only completely destroyed the economy and the social infrastructure but also the state apparatus, including the legal system and the system of law-enforcement agencies.

We are rebuilding both structures right now. Courts are operating in most of the republic's rayons. We are forming a Supreme Court. The system of organs of justice has been restored. A justice minister has been appointed. The system of attorneys and notaries has been restored.

The internal affairs and prosecutor's office administrations are operating normally (as normally as possible right now) in the vast majority of regions.

There are undoubtedly still very many problems left. One of the main problems relates to difficulties with material and technical support for the law-enforcement agencies. The federal budget has already handed over 400 million rubles for those purposes. But that is not enough, of course.

[Aleshkin] What is the principle governing the selection of specialists?

[Kovalev] They are not "Moscow stooges." Responsible posts are occupied by local inhabitants from the various ethnic groups who have the corresponding professional skills. There is a disastrous shortage of specialists, but that is another matter: Under Dudayev's regime the man with the gun ousted all law-abiding citizens, who got out as best they could.

[Aleshkin] One of the most alarming aspects of the tragedy that we have been through is this: How could such a large gang slip unnoticed into a city in the steppes? There are quite a few explanations of this incident. Basayev's version is that they simply bribed the people at the checkpoints. What can you tell us about that?

[Kovalev] I have my own explanations too. But I am not going to divulge them yet. In the next few days there will be a session of the Security Council which, I hope, will carry out a comprehensive and thorough analysis of the causes of the tragedy.

As is well known, a high-powered commission headed by Oleg Lobov, secretary of the Security Council, visited the scene of the crime on the president's instructions. The commission included a representative of the interdepartmental commission on public safety and the fight against organized crime and corruption, which I head.

[Aleshkin] One final question. It would seem on the face of it not to fall within the remit of our discussion but it is, essentially, directly linked to events in Budennovsk. I am talking about the vote of no confidence in the government passed by the State Duma. How would you comment on this very important event in the country's political life?

[Kovalev] I would highlight three aspects of it. First, we should not overdramatize the situation. If we want real democracy rather than imaginary democracy then we should not fear the decision adopted by the Duma. For countries with a mature democracy a parliament-government crisis is a routine phenomenon. Let us view such events without undue emotion.

Second, those who compared the present situation with what happened in the country in the fall of 1993 have drawn a false and hasty conclusion. The analogy is completely invalid. In 1993 what we had was a constitutional impasse.

Now events are developing within a constitutional framework. The present Constitution provides an opportunity to overcome the parliament-government crisis without dire consequences for society.

Third, the present crisis has revealed the immaturity of some Duma figures who are prepared to waive national interests to achieve their personal ambitions. To exploit various dramatic or even tragic circumstances in the country's life to realize your own political ambitions is the limit. But that is precisely why the leaders of some Duma factions decided to exploit the events in Budennovsk.

However, if one is guided not by political egoism but by state interests, there is one ideal solution to this situation: mutual compromise. Responsibility for the state of affairs in the country is shared equally by the president, the government, and the Federal Assembly.

The Duma's fate is in its own hands. If there is a second vote it has the right to adopt a positive decision and express confidence in the government. It can also leave in force the previous vote of no confidence.

But in that event it will have to consider consequences which could be unfavorable for it: In this situation the president has the constitutional power to dismiss either the government or the Duma.

Two Women in Basayev's 'Gang' Not Ukrainians

LD2806115695 Moscow ITAR-TASS in English 1059 GMT 28 Jun 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] BUDENNOVSK, (Stavropol Territory), June 28 (ITAR-TASS) — Shamil Basayev's gang, which launched a terroristic raid on a southern Russian city two weeks ago, included, indeed, two women snipers, but the claim that they were Ukrainians was not proved by the testimony of a whole line of eyewitnesses, ITAR-TASS was told today by members of the investigation team, currently conducting an inquest into the doings of Chechen gunmen in Budennovsk.

However, some witnesses insist on the "Ukrainian origin" of these women snipers, because they had allegedly sang Ukrainian songs on the night before the assault. However, Ukrainian songs are popular among people of different nationalities. "The claim that there were Ukrainian women in the gang was backed up by the Slav features of one of them, but, in spite of this, her pronunciation showed that Chechen was her native language," Chief of the Department for the Social Protection of the Population under the Stavropol Territorial Administration Valeriy Mitrofanenko testifies. He was not only kept as a hostage during the five days and nights, during which the Budennovsk City Hospital was beseiged, but also volunteered to be included in the "living shield" under cover of which the gang returned to Chechnya.

According to Mitrofanenko's evidence, there was one Kazakh in Basayev's gang. He was hefty and produced the impression of a morbidly cruel man. He even proposed to splash gasoline on the hostages and set them on fire, Mitrofanenko testified.

The former hostage said that there was no unanimity and similarity of characters among the members of the Chechen gang. Some of them did not humiliate the hostages, while others were real cut-throats. They rudely shouted orders to the hostages: "to the law!", "down on the floor!", "I'll shoot you all!".

Mitrofanenko also said that one of the terrorists had stripped him of his footwear, while another Chechen gunman was shot by Shamil Basayev for stealing gold things from a woman hostage.

The information, furnished to the investigation team by witnesses, disproves the version that Basayev's gang was supported by the Chechens, who are living in Budennovsk and other Stavropol cities since times immemorial. The hostages, who were kept in the hospital, included two local Chechens, about whom the terrorists said scornfully that "they are not real Chechens".

The investigators have not found any proofs that Dudayev's men had stocked up weapons and ammunition in Bedennovsk long before Basayev's raid on the city.

Dudayev Forces May Hand Over 'Rival' Basayev

MM2806095695 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jun 95 First Edition pp 1, 2

[Article by Sergey Karkhanin: "Myth Dispelled. Will Shamil Basayev Be Arrested in Chechnya?"]

[FBIS Translated Text] "We will get him," Federal Security Service [FSB] Chief Sergey Stepashin promised at the funeral of the "Alpha" officers who died in Budennovsk, referring to the terrorist ringleader. Of course, the deceased's comrades in arms will not spare their efforts to ensure that the criminals do not escape punishment. But, as historical experience shows, you can hide out in the mountains for a long time....

There is hardly any point in seriously counting on help from local inhabitants in the hunt for Basayev. The blood feud custom will not allow them to risk their lives by helping federal troops. A surgical military raid in south Chechnya aimed at capturing Shamil and his accomplices may also be unrealistic. But there is hope that he will nonetheless appear before a court. Recent events in Groznyy are proof of this.

The statement by Usman Imayev, Dudayev's representative in talks with the Russian delegation, was considered by many to be a bolt from the blue: Imayev not only condemned terrorism but also gave his assurance that he would help to get Basayev arrested and extradited. Although, on examination, there is nothing surprising about this position. There are fairly weighty reasons behind it.

The first of them is annoyance over the enormous damage of a purely moral kind inflicted on Dudayev's supporters themselves by Basayev's raid on Budennovsk. The raid on the peaceful city dispelled the wonderful myths of Chechen gunmen as being noble knights who would never take up arms against women, children, or old people. Judging by reports from Halifax, even Western countries' greatly experienced political leaders were shaken by the terrorists' cruelty. The press, especially the foreign press, which until recently sympathized with Dudayev and his supporters, was in a state of shock: Beneath the mask of "suffering heroes and children of the mountains" there lurked common murderers, admittedly armed with a bestial ruthlessness.

In order to avoid losing the vestiges of respectability created by well-wishers around his image, therefore, Dudayev has only one option — to disown in every way the raid on Budennovsk and the terrorist ringleader. Especially as in Chechnya itself many people consider the raiders to have violated ancient traditions — which means they would approve of Basayev's extradition to the federal authorities.

There is also another reason for Imayev's compliance in the Groznyy dialogue. Back in Abkhazia Shamil made a big name for himself by his group's incredibly audacious raids on the rear of Georgian troops and his personal contempt for death. During the events in Chechnya Basayev's so-called reconnaissance and sabotage battalion, staffed mainly by his old comrades in arms, became what was maybe the most combat-capable of Dudayev's detachments. Some months ago, according to the accounts of people who know, Shamil tried to take control of Dudayev himself by appointing his own soldiers to Dudayev's personal bodyguard. It is known that, relying on his authority, Basayev was planning a number of actions of which Dudayev would certainly not have approved.

The conclusion is clear: Dudayev does not object to the removal of a rival whose name has now, following the events in Budennovsk, become known to the whole world. If that is indeed how matters stand, it cannot be ruled out that Imayev's statement in Groznyy will bring in its wake real steps by the Chechen side. In which the terrorist ringleader will not be at liberty for long.

But we should not get carried away by the arguments cited. This is what Colonel General Anatoliy Kulikov, commander of the joint federal force grouping in Chechnya, had to say on this subject:

"We must arrest the criminals, in particular the terrorist Basayev. There was a total of 92 of them. Around 60 of them are with Basayev at this moment. Unless the other side extradites them — and they have not agreed to extradition within three days but merely declared that assistance would be given — we will have to act decisively."

Thus, troop leaders and counterintelligence department leaders are full of resolve to punish the criminals according to law. The relatives and friends of those who died in Budennovsk, and maybe all Russians, await the same thing from the power ministries. Will they wait in vain?

Dudayev Forces Step Up Attacks on Federal Troops

LD2806082695 Moscow ITAR-TASS World Service in Russian 0554 GMT 28 Jun 95

[By 'special correspondent' Nikolay Zagnoyko]

[FBIS Translated Text] Groznyy, 28 Jun (ITAR-TASS) — Dudayev's irregulars have intensified their attacks on the joint group of the federal troops in Chechnya in the past 24 hours, violating the moratorium on fighting, Colonel Aleksandr Vitalyev, head of the press service of the federal command, said today. He told an ITAR-TASS correspondent that during the night preceding the second round of talks Dudayev supporters fired at the positions of the federal troops in Chechnya 26 times.

According to Aleksandr Vitalyev, the Dudayevites are particularly active in the south-eastern areas of the republic, at the foothills and in the mountains. A team of workers repairing an electric line between Ingushetia and Groznyy along the Rostov-Baku highway was attacked on Tuesday [27 June]. A sapper from the support element of the federal forces was mortally wounded near the village of Assinovskaya.

"The command of the federal forces believes," the head of the press service said, "that certain of Dudayev's forces find the stabilization of the situation and restoration of national economic facilities in the Chechen Republic disadvantageous to them".

Military sources testify that at the present time in the south- eastern areas of Chechnya Dudayev's fighters are regrouping and redeploying their forces. They are replenishing their reserves of food, including by the use of cattle being driven over to them by some of the local population. It has also been learned that a self-defense detachment from the village of Avtury (40 km south-east of Groznyy) originally set up to prevent fighters from infiltrating residential areas, has gone over to Dudayev's side.

North Ossetian Minister on Chechen Forces

LD2706203895 Moscow ITAR-TASS in English 1531 GMT 27 Jun 95

[By Valeriy Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ, June 27 (ITAR-TASS) — North Ossetian Interior Minister Georgiy Kantemirov on Tuesday [27 June] ordered to reinforce patrols on all mountain passes and roads leading to Transcaucasia to prevent Chechen leader Dzhokhar Dudayev's militants from penetrating here from neighbouring Chechnya.

Separate groups of Dudayev's supporters may cross narrow mountainous paths to enter bordering republics from Chechnya, according to military sources. To this effect, North Ossetian police and Vladikavkaz border guards are protecting the republic's frontier.

The situation remains tense in the zone of the Ossetian-Ingush conflict. However, it is on the whole controlled by the troops of the Russian federal committee for the elimination of the consequences of the conflict, the sources said.

Special attention is paid to the situation in Prigorodny district of North Ossetia where the Ingush refugees are returning, according to the sources.

Dagestan Seeks Federal Forces on Chechnya Border

LD2706230595 Moscow ITAR-TASS World Service in Russian 1614 GMT 27 Jun 95

[By ITAR-TASS correspondent Haji Shamov]

[FBIS Translated Excerpt] Makhachkala, 27 Jun (ITAR-TASS) — Today more than ever, Dagestan needs the federal forces' support in protecting its border with the Chechen Republic, Abdurazak Mirzabekov, the chairman of the Dagestan Government, told ITAR-TASS today. "Of all the North Caucasus republics, we have the longest border with Chechnya, but it is being protected only by our own internal troops. By taking militiamen from our own reserves, we are completely denuding the town and district internal affairs sections," he said.

Border troops are stationed only in the mountain areas of Botlikhskiy and Tsumadinskiy Regions, which is a very small share of the republic. Meanwhile, about 100,000 refugees are gathered in Khasavyurtskiy District and "we have no idea whether they are Dudayev's supporters or whether they are simply running away from the bombing." [passage omitted]

Dagestan will be taking "its own tough measures against terrorists." A government meeting held today was devoted to that. Its participants said that there are already several sabotage groups in Dagestan who aim to instill fear and provoke interethnic feuds.

It was decided to increase the contingent of internal troops of the republican Interior Ministry on the border with Chechnya, step up the protection of the most important facilities of the national economy, declare a special situation in areas through which trains run and on all trains, and carry out explanatory work among the local people. There is provision for other preventive measures to fight terrorism.

Krasnodar Inhabitants Fear Repeat of Budennovsk

MM2806105295 Moscow TRUD in Russian 27 Jun 95 p 1

[Report by Nikolay Sedov: "Village Inhabitant Has Organized Bloodbath"]

[FBIS Translated Text] Krasnodar — The tension in the North Caucasus is not declining, the Krasnodar Kray Internal Affairs Directorate press center has reported. The threat of armed groups breaking through from Chechnya remains. Therefore, reinforced posts are on 24-hour patrol duty on all roads and the most important life support establishments have been put under guard. The law enforcement organs are being helped by the Cossacks in their alert watch. Recently one of these posts intercepted the penetration of an armed group onto the kray's territory. This attests yet again to the fact that those who are supposed to serve are serving excellently. Nevertheless, the fear of a repetition of Budennovsk in the Kuban has not left the Krasnodar Kray inhabitants. Alas, this fear has a basis.

The Federal Security Service directorate for Krasnodar Kray has reported that alongside Budennovsk, Krasnodar was among the cities against which the Chechen gunmen planned to deliver a so-called "retaliatory strike." This decision was made at a conference of field commanders held 10-11 June. Shervani Albakov was appointed the ringleader of the subversive group oriented toward Krasnodar Kray. On returning from the conference he fell into an ambush and was killed. Did that thwart the Dudayev supporters' bloody plans? So far we can only guess. Just as we can only guess whether or not the cornered Dudayev's thirst for revenge will drive him to continue tactically to raid territories adjacent to Chechnya.

Yes, the fear of a repetition of Budennovsk will not quickly pass. Precisely for that reason, perhaps, all the "newsworthy" events on the kray's territory are now being rumored to be linked one way or another with "the hand of Chechnya." Including something that happened just the other day.

The inhabitants of the village of Vasyurinskaya and the militia workers saw a terrible picture that night on the bank of the reservoir. It could very well have been called "After the Battle" — although it was more reminiscent of a massacre. Beside the water, nine men with gunshot wounds lay covered in blood. Eight were fatally wounded, the ninth, 22-year-old Sergey K., was taken to hospital.

Rumors spread around the village and reached Krasnodar: "This is the work of Chechen saboteurs." But it turned out not to be. Preliminary investigation has established that the killer's weapon was a hunting rifle used after a drunken brawl. Vasyurinskaya inhabitant X., who worked at the local sausage factory and is suspected to be the murderer, opened fire on these living targets. This was seemingly revenge against his attackers, who had severely beaten him up.

The law enforcement organs are working through the stories.

Former Krasnoyarsk Prosecutor Becomes 'Hero'

MM2806101195 Moscow IZVESTIYA in Russian 28 Jun 95 p 2

[Report by Aleksey Tarasov: "Acting General Prosecutor Steps Up Opposition"]

[FBIS Translated Text] Krasnoyarsk — The country's chief custodian of the law, acting general prosecutor Aleksey Ilyushenko, has been accused by Nelli [Nikolayevna] Zhukova, until recently Krasnoyarsk prosecutor, of breaking the law.

Ilyushenko began his prosecutor's career on the banks of the Yenisey under Nelli Nikolayevna's leadership. Now she is voicing doubts about the legality of the actions of her own former charge who relieved her of the post of city prosecutor. Zhukova took legal action the other day, wanting to get the order revoked.

IZVESTIYA has written several times about the antagonism between the Krasnoyarsk prosecutor and the city administration. The authorities did not forgive Zhukova for abusive instances in a public city hall. A conflict with a predetermined outcome: You are banging your head against a brick wall. Interestingly, Ilyushenko made no criticism of Zhukova in conversation with her when he went home in February. According to Nelli Nikolayevna the talk took place in a spirit of mutual understanding. Nonetheless on 14 March the acting general prosecutor signed an order dismissing Zhukova. The Supreme Court, which was Zhukova's first resort, did not sanction the examination of the case in the Krasnoyarsk Kray Court. Now the complaint and the papers pertaining to the case have gone to the Tverskoy Intermunicipal Court in the capital.

In an interview for IZVESTIYA, Zhukova said that there was no provision in the law to get rid of nuisances this way. Moreover, it is doubtful whether Ilyushenko has the power to tackle such cadre problems, since he is not general prosecutor, but merely acting. The situation is to a certain extent absurd: Although Zhukova had been relieved of her post, immediately after Ilyushenko's order was issued she was sent on leave as city prosecutor. But the post was immediately taken up by someone new. "No one knows who I am now," says Zhukova.

When Moscow prosecutor Gennadiy Ponomarev was relieved of his post, the motives might have been different but the scenario was the same. On 8 November last year, both Ponomarev and Zhukova were reprimanded (the court subsequently revoked the order in respect of Zhukova) and it was then decided to organize an audit in the Moscow and Krasnoyarsk city prosecutor's offices.

It is interesting to see the way we fight crime — get rid of the professionals, who are not that plentiful among the custodians of the law. These are people who are not afraid of investigating the way the authorities spend budget funds, what interests connect them with commercial organizations, and so on. Not surprisingly, various political forces are now trying to take Zhukova in hand. The disgraced prosecutor has become a symbol by expressing the interests of taxpayers who are tired of paying for officials' luxuries. All those who are unhappy with the authorities, all those who are demeaned and abused, all those who are looking for a hero could well unite around the prosecutor, who was named "person of the year" by the people of Krasnoyarsk last year. The persecution has merely served to reinforce her image. The authorities are frightened of this, but they do not know how to act otherwise.

If the State Duma elections take place, Zhukova, considering her popularity among the citizens, will most likely be a deputy. As, possibly, will Kazannik, and other custodians of the law, who are thorns in the current authorities' side.

Tatarstan Intends To Begin Trading With Iraq

LD2706190495 Moscow ITAR-TASS in English 1240 GMT 27 Jun 95

[By Nikolay Sorokin]

[FBIS Transcribed Text] KAZAN, June 27 (ITAR-TASS) — Tatarstan intends to begin trade and economic cooperation with Iraq, First Vice-Prime minister of Tatarstan Ravil Muratov told ITAR-TASS today. He headed a delegation which returned from Baghdad after signing there a bilateral protocol on principles of trade, economic and cultural ties.

Notwithstanding that until now the trade embargo has not been lifted from Iraq and the country is facing financial difficulties, we intend to begin with the minimum, the Vice Premier added. Agreements were concluded for shipments of medicines, tyres for agricultural vehicles, 200 "KAMaz" trucks, as well as garments, shoes, baby food and milk powder from Tatarstan to Iraq.

According to Ravil Muratov, the Iraqi side is interested in purchasing oil and chemical products, "KAMaz" trucks and "Oka" small cars. At the same time it plans to set up joint enterprises at home, not remaining only a consumer. Iraq is ready to cooperate even today, so that as soon as the embargo is lifted it may be done on a large scale, Ravil Muratov added.

Law on Novosibirsk Administration Head Viewed

954F2641A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 23 Jun 95 p 6

[Article by Dimtriy Gorbunov: "In His Letter, Ivan Indinok Summoned the Deputies To Examine This Law as a Priority Matter; We Will Elect a Governor for Ourselves!"]

[FBIS Translated Text] The regional center for the support of Russian statehood developed a draft law "On Elections of the Head of Administration of Novosibirsk Oblast." The oblast Soviet of Deputies must ratify the draft, and then we will be able to elect a governor for ourselves on an entirely legal basis.

At the present time, as is known, the president appoints the heads of administration of practically all of the oblasts, but it is quite likely that in the future they will be elected, and it is for this event that a law is necessary. The elaboration of the draft was accomplished at the initiative of Ivan Indinok. The oblast Soviet will ratify this law. The draft law takes a number of legal acts into account and, first and foremost, the law of the Russian Federation "On the Basic Guarantees of the Voting Rights of Citizens," which recently went into effect, and also the experience of previous elections to the oblast Soviet of Deputies.

The draft law has a number of innovations: First of all, the head of administration of the oblast is elected for four years, and only a resident of Novosibirsk Oblast can become the head, which rules out the appearance in this post of "Varangians" passing through. The decision on the date of elections is taken by the oblast Soviet of Deputies, after which the election campaign, which lasts 90 days, starts. What is new is that the electoral commissions are formed on three levels: at the oblast level, in cities and rayons of the oblast, and 10 commissions in the rayons of Novosibirsk. There will be a total of 46 commissions. Moreover, the oblast commission must consist of 14 persons, seven of whom are deputies of the oblast soviet, and seven persons who are employees of the oblast administration. The chairman of a commission, his deputy, and the secretary are not appointed from Moscow, but are elected by the commission itself. Representatives of the oblast administration sent to a commission cannot be recalled, which should rule out any kind of pressure on them.

It was authorized to establish electoral polling stations in military units also, but only on condition that observers have access to these polling stations. Also new is the fact that every rayon commission submits a list of voters not later than 30 days before the elections. It will be possible for the voters to acquaint themselves with these lists. The decisions of the electoral commissions are binding within the limits of their jurisdiction for all organs of authority, of self-government, and of enterprises of the oblast. The commissions are to be rendered all-around assistance; answers to their queries must be submitted within a 15-day period, and immediately during elections. The work of the commissions must be public and open. The capabilities of the observers have been substantially broadened for this. They can be proxies of the candidates and representatives of public and electoral associations and of the mass media.

The candidates can be independent, or they can be nominated from electoral blocs. To register, it will be necessary for a candidate to collect 20,000 signatures of residents of the oblast for his support. At the same time, it is not important in what exact rayon of the city or oblast these signatures are collected. Candidates do not have the right to give voters money, gifts, and material valuables other than for conducting campaign work. All political campaigning stops a day before the elections. Candidates are given equal opportunities to use the mass media.

The election fund of each candidate must not exceed 43 million rubles [R]. The account in which such resources are kept must be in a branch of the Savings Bank. The Savings Bank turns over information on the receipt and expenditure of money to the oblast electoral commission, and the latter is obliged to publish information about the sources and amounts of resources in the press. Candidates must also give a report on the origin and disbursement of the money.

In order for the elections to be held, not less than 25 percent of the voters must take part in them. The candidate who collects more than 50 percent of the votes is considered the winner. If none of the candidates was able to collect the necessary number of votes, than a runoff election is held within 12 days in which the one of two candidates is elected who collected the most votes. At this stage, voter attendance has no significance. But if there is no winner even then, the oblast Soviet assigns a new date for elections.

Any voter can acquaint himself with the results of the voting in each district or polling station. The law stipulates severe administrative and even criminal responsibility for forgery, bribery of voters, cheating, deliberate incorrect counting of votes, and obstruction of the work of commissions. A candidate who commits such violations is deprived by the oblast electoral commission of registration, and it can invalidate the results of the elections.

An outstanding feature of the new law is that it is the result of long negotiations with all interested persons, as a result of which a consensus was reached. It is probable that the oblast Soviet of Deputies will ratify the law in the near future. In any case, in his letter Ivan Indinok called for an examination of this law as a priority matter.

Economic Issues

Gazprom Seeks Control of Hard Currency Funds

MK2706093095 Moscow KOMMERSANT-DAILY in Russian 27 Jun 95 pp 1, 5

[Report by Aleksandr Andrianov: "Gazprombank Could Become a Collection Point for 'Petrodollars'"]

[FBIS Translated Text] A client's move from one bank to another is often a painful process, like of a divorce between a couple who were once deeply in love. Until lately, love and friendship have marked the relationship between Russia's largest commercial structures: the Imperial Bank and the Russian Federation Foreign Trade Bank (Vneshtorgbank) on one hand, and the Gazprom joint-stock company, on the other. According to responsible sources, however, Gazprom will soon transfer its hard currency accounts from the above banks to Gazprombank.

Until recently Gazprom's huge hard currency reserves were kept predominantly in two banks: Vneshtorgbank and Imperial. It is well known that clients with large hard currency deposits are very jealous of their money and prefer that banks are held accountable for their money. Thus, last June rumors circulated in Moscow that Gazprom was buying a major stake in Vneshtorgbank. The deal did not, however, come off because apparently Gazprom failed to secure a controlling stake for itself. Some time later the same situation arose with the Imperial bank, and Gazprom chief Rem Vyakhirev became chairman of its council. In December, Gazprom increased its share in Imperial's charter capital to about 37 percent. This led KOMMERSANT-DAILY to suggest that Gazprom was increasing its influence over Imperial and would soon be in control of the bank.

KOMMERSANT-DAILY's forecast, however, was wrong. Presumably, Gazprom met strong resistance from another large Imperial shareholder: the Lukoil oil company and also other shareholders. According to informal reports, Vyakhirev will leave the post of Imperial board chairman and be replaced by Vagit Alekperov, head of Lukoil. There are no reports, however, about changes in the structure of Imperial's charter fund, but they cannot be ruled out in the future. According to information in KOMMERSANT-DAILY's possession, in the near future Gazprom's hard currency accounts will be moved from Imperial and Vneshtorgbank to Gazprombank. Gazprom has refused to comment officially on this issue, merely stating: Gazprombank is our bank and therefore the decision to consolidate it financially should not surprise anyone.

It is questionable, however, whether Gazprombank, which has specialized in ruble operations, will be able rationally to use its master's colossal hard currency funds. Vneshtorgbank and Imperial representatives are skeptical of Gazprombank's ability to digest Gazprom's currency assets. According to them, maintaining Gazprom's accounts involves some specifics: Multi-millions pass through them in transit, staying in the bank for not more than two weeks. Therefore only a large bank with highly qualified personnel, a developed infrastructure, and a sufficient number of large clients can use these funds profitably. Vneshtorgbank and Imperial are interested parties, of course, but their words are indirectly confirmed by the fact that the decision to transfer the accounts (they should have been moved before 1 June) has not so far been fulfilled. Meanwhile yet another claimant to Gazprom's money has appeared on the horizon. According to information in KOMMERSANT-DAILY's possession, Oneksimbank is negotiating with the gas concern. True, the bank itself neither confirmed nor denied this information.

A number of bankers believe that the transfer of Gazprom's accounts to Gazprombank — if it ever takes place — can have not only economic (full control over its funds) but also political implications. Possibly Gazprom's entire financial resources will be concentrated in one bank, directly accountable to the company, to finance the election campaign of the new political bloc Russia Is Our Home. Although, of course, the emergence of such rumors ahead of elections is quite natural.

Duma Deputy Interviewed on Economic Prospects

MM2706114995 Moscow TRUD in Russian 24 Jun 95 p 2

[Interview with State Duma Deputy Pavel Bunich by Igor Ostrovskiy; place and date not given: "Pavel Bunich: Redistribution of Property Has Taken Place. It Cannot Be Repealed Now" — first paragraph is introduction]

[FBIS Translated Text] The closer the parliamentary elections, the more forecasts there are for the immediate and remote future. It is clear that these forecasts mean different things to representatives of government circles, to the opposition, and to independent experts. What should we expect? Where are we moving and how? We offer TRUD readers the opinion of a well known economist, State Duma Deputy Pavel Grigoryevich Bunich.

[Bunich] It is important to realize what we have done in past years, where we have come, what we have built. In my opinion, we have the right to speak of the creation of a base society with offshoots into a market economy. But in contrast to famous examples, when the change of social formations determined prosperity in our country we have crisis, inflation, and financial difficulties. Over three years prices have risen 4,350 times and over 5,000 times for the 19 basic foodstuffs from the consumer basket. One third of the former Soviet industrial potential is left. Class and property stratification in society is being intensified. The richest 20 percent receive half the country's revenue while the poorest 20 percent receive approximately 3.5 percent of it.

If you calculate honestly, there are over 10 million unemployed in the country today. That is 14 percent of the able-bodied population, which by world standards is obviously beyond the crisis line.

The overwhelming majority suffers from the protracted decline in the living standard. While in December 1993 average wages were in excess of $100, today they scarcely reach $70. If you add to this the crime rampage, including organized crime, then you can understand the reasons for social tension in society.

[Ostrovskiy] Not a pleasant picture. But why has it happened in precisely this way and, in your opinion, what kind of reasons turned the course of our society's ship toward crisis?

[Bunich] There are many reasons, but it is worth mentioning the most important ones. Above all, the legacy inherited from the previous social system — inefficient production, for instance. In terms of the expenditure of energy, labor, materials, and fixed capital per unit of production, we have one of the world's worst indicators. Because of this our output, especially machinery and equipment and consumer goods, is uncompetitive. As soon as the domestic market was opened up they lost the competition to similar foreign articles.

We remain a country of monopolies. There are 500 enterprises, or about 0.5 percent of the total number of enterprises, producing 20 percent of all output. Some 31 ferrous metallurgy enterprises produce 63 percent of the sector's output. Such concentration is unknown in the world. Also, where there is a monopoly, there is diktat in regard to prices and their rapid increase and to other "pleasures."

We remain a country where state ownership of the means of production and of the land prevails. In former years, the state managed this property — albeit ineffectively but in a centralized, tough manner nonetheless. The current state has virtually renounced its most important function. The huge, rich pie created by the blood and sweat of millions of our compatriots has been cast aside without a second glance. Unique, unprecedented opportunities were created for theft and plundering. It is known that nothing is stolen on such a scale and with such pleasure as state property.

There are also subjective reasons. Fundamental transformations are taking place not only in our country but also in East Europe and the Baltics. But nowhere are the reforms experiencing such difficulties and such slow headway and constant setbacks. It is obvious that the memory of the market is far fresher there and so there is not such universal hostility toward it as there is in our country.

The "upper echelons" have also distinguished themselves. Initially they suffered from a disease that can be called "market romanticism." Its symptom is well known — there is the opinion that the market "will regulate everything itself" and require no state intervention. So time has been lost and instead of a legislative base we have a large "black hole." Shares are issued but there is no law on shareholders' rights. Commercial banks have been in existence for about five years, but a more or less acceptable law regulating their activity has remained unsigned for two months now. We readily allowed commercial structures to operate with the population's money without restrictions or control and now, after a series of loud scandals, we are convulsively seeking a way out.

The normative acts that have been adopted are not operating either. You only have to recall the law on bankruptcy. It exists, but to this day real bankruptcies, involving the selling off of ruined enterprises, are a rare phenomenon. Instead of a specific analysis of the economic situation, we have outright ad-libbing. For many years it has been said that no one wants to invest money in enterprises because the question of the ownership of the land on which they stand has not been resolved. But documents have appeared confirming the right of owners or shareholders to acquire that land. Initially they cited a ridiculous price — twice the land tax per unit of area. Then they suddenly raised it to 200 plus times the tax. Immediately, 98 percent of previously signed applications were recalled. Now a presidential edict has designated an entirely acceptable price of 10 times the tax rate.

All of this, and much more that I have not cited, can be called a throwback to the socialist mentality and ideology. For instance, it pervades the idea of creating public plants that will have fewer rights and less independence than before. According to the canons of the socialist economy, a three-year government plan for stabilizing the economy has been created. This is a document entirely planned by the state but executed worse than ever.

[Ostrovskiy] You are painting a very harsh picture. The government is in optimistic mood. They are already speaking quite confidently of the successes of the course toward stabilization and the start of a production surge.

[Bunich] They are counting their chickens before they hatch. Last summer, a lot was also said about the lowest point of the recession — but what happened?

In individual sectors of the national economy, a certain animation has indeed appeared, for instance in ferrous metallurgy and housing construction. But approximately as many sectors are in a state of crisis. Of course I would be glad if the situation were indeed to take a stable turn for the better.

[Ostrovskiy] First Vice Premier Anatoliy Chubays speaks of the stabilization, which has begun, and of the growth of production and other improvements.

[Bunich] I would be glad if these words turned out to be true. But it seems to me that the government overestimates the situation. Inflation will most likely be three times more than posited in the budget, and the continuation of the clamping down on the currency mass is fraught with the danger — not only lowering the living standard but also the growth of unemployment, the further decline of production, and the shortfall in money coming into the budget.

[Ostrovskiy] A tough election struggle is beginning in the country. As is customary, there is no shortage of saviors of the Fatherland. Some of them see the resurrection of the past as a panacea for all ills. They see it in the centralized management of the economy, in prices regulated by the state, and in the state order. They assure us that a return to former principles will make it possible to load production facilities and revive the consumer demand. In your opinion, how realistic are hopes of this kind?

[Bunich] You are right, in the heat of the election struggle, the voices of those who seem to want to turn everything back are increasingly loud. In actuality, they themselves have already taken possession of huge chunks of property and do not have the slightest desire to part with it. If they win, two scenarios are most likely: A change of personnel or a continuation of the present course toward market reforms — but by less skilled means. Even if we imagine the implausible — that the forces which win the election try to restore socialism... in my view nothing sensible will come of it. The redistribution of property has taken place. To repeal it would mean unleashing a civil war. There are already 1 million small enterprises in the country. There are 15 million people employed by them, and of these, 10 million are owners. Will they agree to return to their former existence as semislaves? If we had 2-32 million such enterprises, no restoration at all would be possible.

A return to a centrally controlled economy will produce nothing because production will remain inefficient. Already prices for many goods are higher than world prices in our country — for instance, electricity, sugar, and butter. Here domestic prices for petroleum and petroleum products are not even 40 percent of world prices. No need even to mention the cost of labor, it is far lower than world prices. For all that we desire to do so, we will not manage to keep prices at their present level. That means that unless there are fundamental changes our prices will exceed world prices and our goods will become uncompetitive — that includes oil and gas. If we cannot sell them profitably, how will we feed the population? Neither ration cards nor the toughest rationing of food will help. The path to the past is unpromising. There are good reasons why not a single East European country, even where left-wing forces have come to power, has thought of restoring the socialist economy.

[Ostrovskiy] Does that mean that restoration is at an impasse? But the efforts made so far to move toward the market have as yet given little. Where is the way out?

[Bunich] There is a path that can lead away from the abyss. It is very well known. It has helped many countries that had been destroyed to be transformed into flourishing societies. It is called investments; that is, not eating up money but putting it into construction and development. Housing and industrial construction means the revival of many sectors of the national economy, wages for tens of millions of people, and an increase in consumer demand. That means opportunities for reviving the light and food industries and the agricultural sector, which are moribund today.

[Ostrovskiy] But forgive me, the government is already talking only of investments. Consequently that path is well known.

[Bunich] What we need is not talk but a targeted investment policy so that the idea of reviving investments runs like a steel reinforcement through the state's entire economic and tax policy.

[Ostrovskiy] But where is the money to come from if there is not enough for the most vital needs?

[Bunich] There is money. It must be seen and we must know how to use it. For along time we have been geared only toward centralized capital investments, which are the most inefficient, incidentally. There are good reasons that traditionally we have had a very large volume of uncompleted construction. Our investments structure is also unsuitable. Where can we see 70 percent of all capital investments going on industrial construction? Throughout the world the reverse is true — 70 percent on housing and civilian establishments and only 30 percent on production. Only in Moscow is a modern ratio taking shape — over 70 percent of all investments go into housing and municipal projects.

Every enterprise still operating makes depreciation allotments? The law allows for them to be doubled where necessary. In the developed countries of the world it is this money, the depreciation allotments, that pays for 70-80 percent of all investments. In Russia it is no more than 7 percent that is used sensibly for its purpose. All the rest, although the figures are different in the accounts, is eaten up on any pretext. According to the most modest calculations, this year Russia could channel over 100 trillion rubles more into investment by using depreciation allotments.

[Ostrovskiy] But how is this to be done?

[Bunich] As it is done throughout the world. In the United States, the FRG, and Japan, one of the main functions of the tax service is to monitor the correct use of amortization. The state exempts this money from taxation so that it can be used to increase the national wealth. If amortization is eaten up, that means it is being used for wages. Therefore, these sums should be taxed as wages, and a fine should be paid.

[Ostrovskiy] But does it not seem to you that the authorities are disregarding this "eating up" only because they do not want to worsen the working people's already sorry plight?

[Bunich] Perhaps. But these indulgences are ultimately aimed against the working people themselves since they leave them with no hope for the future. Investments using accelerated amortization mean privations and hardship for no more than two or three years. Eating up means retaining an impoverished existence for decades. It is not only a question of amortization, however. We cannot do without a sensible, targeted investment policy. That means tax concessions for Russian and foreign investors, exemption from taxes for funds invested in any production shares, and flexible customs duty and excise.

[Ostrovskiy] Perhaps there is a different path in the economy, a Russian path inherent only to us?

[Bunich] Three years of reforms have shown very obviously that Russia is no exception. It lives in full accordance with world economic laws. That means there is only one path — market reforms that are clear and consistent. Also, the urgent revival of production! Anyone who suggests something else and lures people "into the shining distance" is either a liar or an irresponsible politics monger.

International Affairs

Nature of Kiev-Beijing Relationship Pondered

MM2706085195 Moscow PRAVDA in Russian 24 Jun 95 p 3

[Commentary by Viktor Drozd: "Will Ukraine Sing 'Kiev- Beijing'?"]

[FBIS Translated Text] Kiev — It may at first sight seem strange that PRC Premier Li Peng's three-day visit, which is now under way, has received not even scant coverage in the press. Reporting is very low-key about Li Peng's forthcoming talks with Leonid Kuchma and his colleague Yevhen Marchuk, and about the documents to be signed which will bestow on relations between Kiev and Beijing the status of a "special partnership." Beijing's efforts to "create a new Silk Road via Ukraine which will broaden China's commercial and economic ties with the West," as well as an agreement on environmental protection, should guarantee this.

Nevertheless the reason for this restraint, which is so uncharacteristic of the hospitable Ukrainians, lies elsewhere. There are still forces in Ukraine that are stubbornly urging Leonid Kuchma (Yevhen Marchuk awaits the same fate after the formation of the government is completed) to adopt the pose of a humble beggar in the anterooms of the more wealthy countries. Incidentally, their compatriots are being assured that this is the shortest route for "Ukraine to rejoin Europe." The leaders of these forces, when discussing the reforms and their great love for Ukraine, do not wish to point out that the PRC, without renouncing socialism and communist ideology, is successfully carrying out economic transformations in the interests of the people and is becoming an attractive partner for foreign investors.

To acknowledge as much — and, even more so, to utilize that great country's experience — is completely beyond the Ukrainian national-democrats' leaders who are crawling before the West.

Up until now such a "patriotic" stance has borne fruit. High-ranking Ukrainian delegations have visited China more than once and Chinese successes have been praised to the skies. However, practical signs that the Chinese lessons have proved useful are not as yet apparent in Ukraine.

Only time will tell if the present visit by Li Peng to Ukraine is the prelude to a new version of the once popular song about relations between Moscow and Beijing.

Bulgarian, Romanian Commanders Discuss Cooperation

LD2706200895 Kiev UNIAN in Ukrainian 1145 GMT 27 Jun 95

[FBIS Translated Text] Odessa — "Ukraine has a powerful shipbuilding and ship repair potential and we would like to use it in order to strengthen our fleets," Gheorghe Angelescu, the commander of Romania's Navy, noted at a meeting of naval commanders of Ukraine, Romania, and Bulgaria.

According to Rear Admiral Volodymyr Bezkorovaynyy, commander of the Ukrainian Naval Forces, the meeting is discussing the problems of military and technical cooperation, primarily, in the area of building and repairing ships and also the joint use of test sites in order to enhance the combat readiness of all three countries' fleets.

Vice Admiral Khristo Kontrov, commander of the Bulgarian Navy, noted that they were planning to end the meeting, which is already the third such meeting, with the signing of protocols of intent to place specific orders with Ukraine for ship engines, accumulators, navigational equipment, and so on.

The meeting in Odessa of fleet commanders from the three states will last until 29 June.

Kiev Ready To Compromise Over Border Issue

LD2706213095 Kiev UNIAN in Ukrainian 1430 GMT 27 Jun 95

[FBIS Translated Text] Kiev — Being ready to compromise with the Romanian side, Ukraine agrees to the inclusion of a provision denouncing the Molotov-Ribbentrop pact in a special statement, provided the document stipulates the legitimacy of the post-war territorial demarcation, Volodymyr Vasylenko, Ukraine's ambassador at large, told a briefing at Ukraine's Foreign Ministry.

He said that at the latest round of Ukrainian-Romanian negotiations, the Ukrainian side proposed that the issue of recognizing the existing borders be "resolved as a package," i.e. that all the main provisions of the issue be fixed in a fundamental political treaty, a joint statement, and an agreement on border regime.

Vasylenko said Ukraine and Romania had coordinated almost all provisions of the fundamental treaty, except for those dealing with the recognition of the borders.

He also said that during a visit to Bucharest by the Ukrainian delegation, led by Prime Minister Yevheniy Marchuk, he would meet Romania's leadership to discuss the issue of recognizing the border.

Helicopter Detachment Prepared for Yugoslavia

*LD2706183595 Kiev UNIAN in Ukrainian
1400 GMT 27 Jun 95*

[FBIS Translated Text] Lvov — A special independent helicopter detachment in the Carpathian Military District is being prepared to take part in peacekeeping operations in the former Yugoslavia. It has been formed to carry out peacekeeping missions, because the 60th Independent Special Battalion, whose personnel are currently completing their term of service abroad, is being rotated.

The helicopter detachment includes more than 100 personnel of whom over half are officers. The pilots are scheduled to arrive in the former Yugoslavia next

National Affairs

UNA-UNSO Discusses Goals With Chechen Officials

*WS2706125995 Kiev VSEUKRAINSKIYE
VEDOMOSTI in Russian 22 Jun 95 p 3*

[Report by Olha Chorna: "The Kremlin Will Use Basayev's Action To Pull Out of War, Believes Chechen Deputy Prime Minister Khasan Khazuyev"]

[FBIS Translated Text] It could have been predicted that the Ukrainian National Assembly-Ukrainian National Self Defense [UNA-UNSO] would support the Chechen militia's activities in Budennovsk. Therefore, a majority of journalists who gathered at a news conference were guided significantly by curiosity: What kind of surprise will the UNA-UNSO deliver this time. We have to admit that those guys know how to attract the media, which are constantly thirsty for sensational events. Sometimes they bring Dudayev's daughter to Kiev, sometimes they introduce eyewitnesses of certain events.... The journalists were lucky also this time.

[UNSO leader] Dmytro Korchynskyy, commenting on the tragedy in Budennovsk, said: "The Chechen war is being transferred onto Russian territory; therefore, the Russian people can see for themselves all the delights of a war." Ruslan Badayev, calling himself a representative of the Chechen president in Ukraine, began to read a declaration on behalf of the Chechen diaspora... when suddenly (very well done!) a telephone rang. Dmytro Korchynskyy reported: "Anatoliy Lupynis, who was recently freed from a screening camp and is in Baku at the moment, is on the line together with Chechen Deputy Prime Minister Khasan Khazuyev."

Those two callers became the most important persons at the news conference. With Mr. Korchynskyy's help, they answered the journalists' questions. Negotiations, they said, have not ended yet. The Chechens uphold their stance for a complete withdrawal of Russian troops from Chechnya. They are convinced that this issue will be positively resolved. Are any other actions of this kind planned in case this does not happen? The leadership of Chechnya has not planned any actions. The leadership deems the seizure of Budennovsk by Shamil Basayev's detachments a gesture of despair, and emphasizes that it has no stance on the event. Do the Russian authorities meet the commitments of the agreement signed? No, they do not. The Chechen positions are still under concentrated fire of artillery systems coming from the territory of Dagestan; also the number of air raids by fighter helicopters has not been reduced. Khasan Khazuyev is convinced that "Viktor Chernomyrdin and people from his retinue are obviously trying to use Basayev's action as a pretext to more or less honorably pull out of the Chechen conflict. They finally understood that the war has dragged on for too long and that Russia's potential is not sufficient for its continuation."

Then, Ruslan Badayev attracted the journalists' attention. He stated on behalf of the Chechen diaspora in Ukraine that the developments in Budennovsk initiated a new stage in the national liberation movement of the Chechen nation. According to Mr. Badayev, this is a warning for the Russian nation — the evil will be punished. He stated that: "If this war is not stopped, it will expand beyond Chechnya's limits. Having lost here, we will move to Dagestan, from Dagestan to the Kabardin-Balkar Republic. However, if the Chechens are knocked out of the Russian territory, they will go to Turkey. The war will be continued as long as the independence of the Chechen Republic is not recognized."

In Badayev's opinion, as a matter of fact the world community supported the aggressor, and did it on purpose. He said: "Look, whose chewing gum you are chewing, whose 'Snickers' you are eating, whose cigarettes you are smoking, and whose cars are being driven on our roads. Neither Germany nor the United States want to lose such a good market for their commodities. Therefore, they do not hurry to interfere in, as they say, Russian domestic affairs."

To the question of whether a second deportation of the Chechens is possible, Ruslan Badayev responded in the negative. Then he provided his version of the 1944 developments. The Chechen nation was deported by deception. The Russians said that because of the war with Germany in mountain conditions, the Army had to hold exercises in the mountains. Thus, the Russian troops entered Chechenya. The Chechens were asked to hand over their weapons for the front's purposes, and so they did. Badayev is convinced that "currently, as the Chechens have learned their bitter lesson, they will not allow themselves to be treated in this way."

UNA-UNSO's Increasing Influence Assessed

WS2806110095 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 24 Jun 95 p 3

[Article by Hennadiy Mykolayiv: "Are Democracy's Gravediggers Coming Out of the Trenches? While Those at the Top Are Dividing Power, Militants Are Flexing Their Muscles"]

[FBIS Translated Text] The world community was stunned by the bloody events in the Russian city of Budennovsk. A bunch of Chechen militants armed with light weapons captured the city of 55,000, taking about 2,000 hostages. Neither law enforcement agencies nor company staffs could efficiently resist the terrorists.

But who of our compatriots knows and remembers that in Ukraine the radical rightwing Ukrainian National Assembly-Ukrainian National Self Defense [UNA-UNSO] trains hundreds of militants in special training camps every year?

"UNA-Youth" Schools

While democrats and communists are dividing power and property, having forgotten everything else, a third force represented by UNA- UNSO and other extremist groups, which until recently remained in the shadows, is increasingly noticeably raising its head. We laugh at their absurd ideas, or simply try to ignore those boys in camouflage fatigues. What is looming through this superficial exoticness, however, is the dreadful face of democracy's gravedigger. Armed with revolutionary theses of Mao and [UNA leader] Dmytro Korchynskyy, the leaders of these organizations are conducting quiet, arduous activities aimed at strengthening their ranks. UNA-UNSO has concluded that it needs from 20,000 to 30,000 militants to seize power, and it is persistently working in this direction. While in 1992 some 20 UNSO members participated in combat actions in the Cisdnestr region, and in 1993 around 100 Ukrainian boys fought in Abkhazia, as many as around 100 members of this organization are currently in Chechnya, and approximately the same number in Serbia.

According to available data, this organization has six field training bases, and up to 100 militants are trained in each of them. The list of studied specialties is very illustrative — tactics of carrying out attacks or methods of conducting psychological warfare. The cult of a commander as the only representative of the national idea and the people's will is hammered into young people's heads and hearts.

It is characteristic that the UNA-UNSO leaders have never concealed that they are going to use paramilitary formations to launch individual and mass terror, to suppress and eliminate political enemies.

"We Will Establish the International of the Abused"

At a recent meeting held by UNA-UNSO in Lvov, it was announced that an onslaught on the east should become the main principle of Ukraine's geopolicy. Moscow, as was the case before, remains the main enemy. This by no means implies, however, that the rest of Europe can sleep in peace. "On top of rusted armored vehicles, we will drive from one gas station to another, as our ancestors marched from one well to another," Dmytro Korchynskyy said, announcing another strategy. UNA has announced that the establishment of the International of the Abused is the core of its foreign policy. It will comprise East European and Asian countries, which are disappointed with the current alignment of forces and lay territorial claims to their neighbors.

UNA is cleverly correcting the Ukraine's "toothless" foreign policy in the east. In the majority of Caucasian republics, people associate our country primarily with UNA-UNSO. I can confirm, as an eyewitness, that Anatoliy Lupynis, chief of the UNA Political Directorate, is received by the Georgian, Azerbaijani, Armenian, and Chechen state leaders at any time, day or night. They even provide him with escorts and necessary transportation, including planes. Over the last six months alone, Mr. Lupynis has managed to visit Libya and Iraq, has been to Afghanistan for several times, and has toured all Caucasian republics.

To Power — With Machinegun

Ukrainian extremists have already grown out of the short pants of petty hooligans balancing on the margins of the Criminal Code. They are now a serious military force. To neglect this displays a dangerous nonchalance. I can confidently say that UNSO militants are, in all respects, prepared better than any soldier of the Ukrainian Armed Forces. I have had an opportunity to meet with young boys, who have already managed to participate in five military conflicts and even served in the French Foreign Legion.

In combat, and the press has written about this a lot, UNSO members not only demonstrate outstanding skills, but also display courage and particular determination. During the Abkhazian conflict, for example, 30 Ukrainian boys captured the city of Gumista, and held it for several days without losing a single man.

UNSO has been sending its best members to Ukrainian and Russian military schools for two years now. At the same time, many UNSO members serve in Ukrainian elite military units. The UNA leaders attach particular attention to disfavored generals. The Russian newspaper KRASNAYA ZVEZDA has even reported that UNA-UNSO has managed to set up a shadow structure comprising defiant high-ranking officers within the Ukrainian Defense Ministry.

Being aware of all of these facts, one skeptically treats statements by government officials that law enforcement agencies can quickly halt the activities of this odious organization at any time. Moreover, having wasted time, law enforcement agencies are driving themselves into a deadlock — any forceful pressure on UNA will objectively increase its prestige, particularly among unfortunate people who no longer trust anyone or anything.

All the more so, since UNA-UNSO, as all extremist movements, distinguishes itself with an inclination to social demagogy. In the situation of widespread disbelief and increasing feeling of uselessness for one's own state, the UNA leaders are continuing to say: "We love you. If you are abused at school, if your parents do not understand you, or if you cannot find your place in life, join UNA-UNSO. We will love you as you are, and will make you the man you want to be. We will give you a machinegun, with the help of which you will win fortune. And remember: There are no innocent people."

And With the Dollar

The issue of UNA-UNSO's finances deserves a separate talk. In everyday life, members of this organization emphasize their asceticism, and learn how to live with the minimum conveniences. Are the boys in camouflage fatigues really poor?

UNA has its own, quite large, publishing basis, issuing around 10 publications with a total circulation of 200,000 copies. Militant's trips to "hot spots" are also expensive. As I have already said, over 100 UNSO members have visited Chechnya, of whom 80 have returned. A one-way ticket to Baku alone costs $150. You must add the cost of a trip from Baku to Groznyy, along which one has to pay off traffic police staffers almost every kilometer. According to certain assessments, to transport one militant to Chechnya and back one needs at least $1000. And you must remember the visits to the near and far abroad by the organization's leaders, plus the rent for offices. All this costs quite a large amount of money.

Where does UNA take this money? One can only guess. Let us recall that the UNA-UNSO leaders, threatening with the judgment day nearly everybody who does not wear a red-and-black bandana with a cross, has a quite favorable attitude toward the national bourgeoisie. Dmytro Korchynskyy has repeatedly stated that, after they come to power, they will support the national bourgeoisie and will help it manage the domestic market.

Will We Live Long Enough To See a Coup?

The factors which have recently emerged in Ukraine have led many countries to reactionary coups — the breaking up of social layers, the deteriorating economic crisis, the weakening of state authorities, an increase in crime, the collapse of the former system of values, and an increasing feeling of abused national dignity.

Under these circumstances, only two scenarios are possible. Either extremist right-wing forces will come to power on the wave of social and political discontent (although a new regime will not have to be fascist, the country's democratic development will be stopped), or the authorities will manage to control the situation and preserve democratic institutions.

Both scenarios are still possible. But further games with all sorts of reactionaries and ignorance of their increasing threat may bring about the loss of precious time, and present us with a fait accompli. What are we waiting for?

Kuchma Deplores Dismissal of Prosecutor General

*LD2706213695 Kiev UNIAR in Ukrainian
1210 GMT 27 Jun 95*

[FBIS Translated Text] Kiev — At the end of the morning session of parliament deputies were given a letter from Ukrainian President Leonid Kuchma. The letter, in particular, expresses the president's negative attitude to the dismissal of the prosecutor general. It also requests that the Supreme Council resolution "On the results of the work of the special Supreme Council deputies' investigative commission on checking the activities of the Prosecutor General's Office" of 21 June be annulled, in so far as it violates the constitutional agreement, and that all the necessary documents be sent to the Ukrainian president for examination to permit him to make a decision in accordance with the law.

Kuchma Calls For 'Immediate Reform' of Economy

*LD2706185595 Moscow INTERFAX in English
1741 GMT 27 Jun 95*

[FBIS Transcribed Text] KIEV, June 27 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has called for an immediate reform of the economy.

Speaking before residents of Uzhgorod, western Ukraine, he said: "Today is the last chance for Ukraine to revive. If not today, this will never happen."

Kuchma spoke against confrontation between "the western, eastern and central parts of Ukraine." "It is necessary to look for more uniting factors," he said.

Asked about prospects for the country's economic development, Kuchma said: "It is necessary to endure another year, but it will not be worse."

Kuchma will attend the 50th anniversary of the region's unification with the rest of Ukraine Wednesday, June 28. Later the same afternoon, he will return to Kiev.

Kuchma Tours Transcarpathian Oblast

WS2806101495 Kiev UKRINFORM in English 0905 GMT 28 Jun 95

[From the "Current Events" feature]

[FBIS Transcribed Text] President Kuchma's two-day working tour of Transcarpathian Oblast started on Tuesday, June 27 with an inspection of the way the local authorities coped with the task of eliminating the consequences of devastating December 1993 floods, which had affected the city of Uzhgorod and the Perechynskyy rayon.

Mr. Kuchma paid a familiarization visit to the "Sunny Transcarpathia" trade-union sanatorium and the Karpaty rest-house. Later in the day, the Ukrainian President visited the Elektrodvyhun (Electric Motor) joint stock society in Uzhgorod known for its Marichka and Aurika washing machines, electric motors for Audi cars, furniture and woodwork.

President Kuchma is accompanied by Supreme Council First Deputy Chairman Tkachenko, State Customs Committee Chairman Krabchenko, Border Troops Commander Bannykh, Chairman Ustych and a group of legislators.

Interior Minister on Corruption, National Guard

WS2806100795 Kiev IMENEM ZAKONU in Ukrainian 23 Jun 95 p 3

[Report on news conference held by Ukraine Interior Minister Volodymyr Radchenko by O. Naumov; place and date not given: "V. Radchenko: 'We Are Not Going To Give Up'"]

[FBIS Translated Excerpt] [Unidentified reporter] Are there any signs of a breakthrough in fighting corruption in the highest echelons of power? How is this fight conducted?

[Radchenko] There is no breakthrough. Moreover, the situation has deteriorated. Criminalization of society is progressing. In general, we have good laws, but also there are many legislative loopholes. We badly need laws on declaration of profits and on corruption. Without such laws, any breakthrough is simply impossible. [end Radchenko]

As for crimes committed by officials, the minister pointed out that they lie within the competence of the Prosecutor's Office. However, he added that reasonable competition to this offoice should be endorsed. While currently certain pressure can be exerted on the body in charge of a specific criminal case, if such cases are conducted by a number of bodies, pressure can be avoided.

The National Bureau of Investigations will be established in the immediate future. It will be in charge of investigating specific criminal cases within the highest echelons of power. Nobody has the right to violate the Criminal Code and infringe upon the competence of another body. The principal things are operational-investigatory activities and supervision over criminal cases. The type of people involved in that kind of activities know how to observe confidentiality in investigating criminal cases. The minister pointed out that he is worried by the fact that the press had recently carried many sensational reports, after which criminal cases "cropped up" and people's lives were ruined, because they were labeled criminals without proper investigation.

[Unidentified reporter] It is no secret that further criminalization of officials is under way. Have those kinds of facts been detected within the Interior Ministry system?

[Radchenko] Criminalization is under way not only among officials, but within law enforcement agencies as well. Those kinds of cases have been detected. Within five months of 1995, 9,610 employees were dismissed from the interior bodies, 3,035 of them for violations. Some 154 officers were sentenced, including eight for abusing authority; 27 for overstepping their powers; 19 for bribery; five for negligence; seven for premeditated murders; 10 for aggravated assault; seven for rape; and 26 for theft.

The Interior Ministry will not tolerate those kinds of phenomena and will get rid of those who discredit their uniforms. As you see, those facts are not being concealed, although we could quietly dismiss an officer and not "wash our linen in public." However, if an officer commits a crime, he has to be punished. [end Radchenko]

Asked whether he advocates the introduction of a state of emergency, Volodymyr Radchenko answered in the negative.

[Radchenko] People would hear something, and then misinterpret what has been said. One political leader has accused me of intentions of sending tanks into the streets. We have defined which regions in Ukraine have an extraordinary criminal situation. First and foremost, this concerns Crimea. What is going on in the peninsula? After local criminal groupings solidified their positions there, the "Tatar question" received a new interpretation. Claims appeared to the effect that the police are incapable of controlling the situation and providing security. Thus, there have been appeals to form "Asker" [Tatar militia] units. Therefore, the Crimean police are going to face new problems. [passage omitted]

[Unidentified reporter] What progress has been made in transferring a number of the National Guard units to Interior Ministry jurisdiction?

[Radchenko] When the National Guard was being created, all the Interior Ministry's operational units were transferred to this structure, as well as the operational regiments subordinated to the Interior Troops. What happened next? What results did we achieve? The National Guard started to help ensure public order, and 19-year-old boys started patrolling our streets. They could not participate in any serious operations, given their lack of experience.

When it was pointed out that the police can only control 18 to 19 percent of the territory (and we currently control 28 percent), the issue was raised of returning a number of units to the Interior Ministry system. We received reinforcements of 4,000 men out of the 10,000 men necessary to fill the vacant positions. Those people were deployed all over Ukraine, and in operational issues they were subordinated to chiefs of oblast Interior Directorates. The newcomers are currently being trained in accordance with the "Berkut"'s [elite police force] standards and participating in patrolling. We did not take any hardware, including tanks or machine guns from the National Guard, because in the course of an inspection held by the Controlling Board, it turned out that there is no hardware to speak of, which could be transferred to the Interior Ministry. Those trucks and UAZ four-wheel-drive cars, which the Interior Ministry had once transferred to the National Guard, were sold long ago. [passage omitted]

[Unidentified reporter] You were studying the experience of fighting organized crime in the United States. What were your impressions?

[Radchenko] I have never been to the United States, but I used to study their experience. My recent business trip was to Turkey. During my stay there, a girl turned to our consulate and explained that she had escaped from an underground brothel. Our Turkish colleagues explained to us that those kinds of places are filled with our female compatriots who are kept in terms of slavery and not permitted to leave.

Complaints were also voiced to me to the effect that groups of Kurd terrorists, financed by the Kurdish Workers Party, stay in Ukraine. I had to issue an official statement on local television and refute those allegations.

As for foreign trips in general, we should look critically at them. Sometimes it happens that a large group of officials goes to a certain state accompanied by one translator who does not speak the foreign language too well. Such trips do not have any practical significance. [passage omitted]

Kuchma Decree To Combat Crimean Crime Situation

LD2706175795 Kiev UT-1 Television Network in Ukrainian 1600 GMT 27 Jun 95

[FBIS Translated Text] In connection with the serious crime situation in Crimea, Ukrainian President Leonid Kuchma has issued a decree on urgent measures to eliminate violations of law and order in the Autonomous Republic of Crimea. The president has instructed Ukraine's Prime Minister Yevhen Marchuk to set up a government commission to examine the reasons and consequences of the mass violations of public order in Feodosiya, Sudak, and other settlements of the peninsula. The prime minister is to report, within a week, on the results of the government commission's work and measures that have been adopted.

The Prosecutor General's Office, the Ministry of Internal Affairs, and the Security Service of Ukraine have been instructed to conduct a thorough investigation into the criminal outbreaks in the Republic of Crimea and prosecute those who are guilty. The Ministry of Internal Affairs, the Security Service of Ukraine, and the Ukrainian National Guard have been instructed to form and send to Crimea a group of qualified experts to carry out coordinated measures together with the law enforcement bodies and local executive authorities in order to stabilize the situation in Crimea. The government of Crimea has been instructed to examine the possibility of increasing the size of the militia and public security service at the expense of local budgets. Chairmen of local councils have been instructed to analyze, within two weeks, the real situation of law and order in every settlement and to define and adopt under their personal responsibility coordinated measures to prevent further outbreaks.

Deputy Premier Stresses Crime Factor in Clashes

LD2706192495 Moscow INTERFAX in English 1203 GMT 27 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 27 (INTERFAX-UKRAINE) - Crime played the dominant role in the conflict in eastern Crimea, with the participants on both sides being mostly criminal groups, said Deputy Crimean Prime Minister Andrey Senchenko.

Senchenko leads a government commission for investigating the circumstances of the events which took place in eastern Crimea on June 23 and 25, when as a result of clashes between Crimean Tatars and a criminal group and later with policemen, four Tatars were killed and around 20 people were wounded.

Senchenko told a news conference in Simferopol on Tuesday that the situation is still "rather tense and it is not certain that the government, and the parliament of the Crimean Tatars are keeping the situation under control."

The government takes all measures to normalize the situation. Senchenko considers the main condition for achieving this to find an immediate solution to the social problems facing Crimean Tatars. Regrettably, said Senchenko, a lot of people who are lacking the necessities of life were involved in the conflict.

Senchenko said that the prosecutor's office instituted criminal proceedings on the incidents where fire arms were resorted to by policemen, on deaths, as well as on incidents of pogroms and arsons.

'Inertia' of Militia, Security Service Assailed

LD2706223495 Kiev UNIAN in Ukrainian 1805 GMT 27 Jun 95

[FBIS Translated Text] Simferopol — "The aggravation of the crime situation in Crimea due to the obvious inertia of the militia and the Security Service, which have been taken from under the control of the republic's bodies of power, evokes the indignation of the people of Crimea," an appeal of the presidium of the Supreme Council of Crimea to the citizens of Crimea says.

The appeal indicates that the incident which occurred at the market place in the town of Shchebetovka on 23 June, in which two Crimean Tatars were killed in a clash with racketeers, triggered a retaliatory reaction which ended in smashing up shops and gas stations in Feodosiya, Sudak, and other populated areas. In the opinion of the Crimean deputies, what happened can only be described as lynching, which is inadmissible but which became possible because the law enforcement bodies failed to ensure reliable protection of public law and order.

The presidium of the Supreme Council of Crimea called on the people of Crimea to keep calm and not yield to provocations, and promised to take every measure to prevent conflicts of this kind and safeguard peace in the republic.

"With the aim of stepping up the fight against organized crime and corruption and ensuring reliable protection of public order, we are demanding that the law enforcement bodies and the security service be subordinated afresh to the Supreme Council and the government of our republic," the presidium of the Supreme Council of Crimea said.

Split, Tensions Among Crimean Tatars Viewed

WS2706114595 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 22 Jun 95 p 3

[Interview with Vasvi Abduraimov, member of the National Movement of Crimean Tatars, by Volodymyr Kolychev; place and date not given: "Crimean Tatars Are Preparing for 'Acts of Public Disobedience.' Meanwhile, a Split Is Observed Within Their Ranks" — first two paragraphs are VSEUKRAINSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **During this week's third rally held in Simferopol, the same day [Ukrainian President] Leonid Kuchma visited Crimea to celebrate the 70th anniversary of the "Artek" youth camp, Crimean Tatars announced that if the Ukrainian leadership does not resolve their problems, they "will have to conduct acts of public disobedience." Although they did not explain what they will do, they named the date — 24 June.**

Meanwhile, a split is being observed among Crimean Tatars. The National Movement of Crimean Tatars (NDKT) is in opposition to the official organizations — the Majlis [National Assembly] and the Organization of Crimean Tatars National Movement (OKND). What is the reason behind the current tensions? A VSEUKRAINSKIYE VEDOMOSTI correspondent has sought an answer to this question from Vasvi Abduraimov, member of the NDKT information group.

[Kolychev] Mr. Abduraimov, in fact one cannot term the situation of Crimean Tatars other than miserable. Majlis is thus correct demanding attention to their problems....

[Abduraimov] As a matter of fact, Majlis and OKND, regardless of their beautiful slogans, are creating an extremely difficult situation on the peninsula. Common Crimean Tatars do not understand their stance. The following question thus arises: If Majlis and OKND members have been in power for over a year now, if they have 14 deputies in the Crimean parliament, and if the State Committee for Nationalities and the Imdatbank are in their hands, then why has a program for our return to Crimea has been canceled, and not a single law on restoring the Crimean Tatar people's rights has been passed? You can also add the passions surrounding Crimean Tatars' paramilitary formations — the Askers. All this is by no means improving the rating of Majlis. And this cannot but worry appropriate services, which once set up organizations affiliated with Majlis. These organizations are working for a state which is trying to prevent Crimean Tatars from returning. Thus, they have to constantly improve the rating of their own creation.

[Kolychev] How are they doing that?

[Abduraimov] During a debate on quotas in the elections to the Crimean Supreme Soviet, NDKT addressed this issue to the Crimean authorities, and the issue was actually settled by Supreme Soviet commissions. But one had to make it appear as if the quotas were obtained not as a result of arduous diplomacy, but by forceful methods such as holding rallies and halting trains. A similar situation is being observed now. There are rumors that no money has been earmarked for the Crimean Tatars' return. I am absolutely convinced, however, that the Ukrainian Cabinet of Ministers has already signed a resolution on earmarking some 2 or 3 trillion karbovantsi for this purpose. "In the language of Majlis," it seems that only after Majlis had led the people into the streets did the money appear. A shiver apparently ran down Kuchma's back, and the money was found. I am convinced that they will continue to bamboozle people with this story for another six months through Crimean Tatar television. There is another side of this issue. They have been in power for a year and a half, and a huge amount of money has been earmarked by both the state and the West. Where is this money? There are documents confirming that as little as 10 percent of this money has been spent on the population's needs. The rest has been plundered in the most unscrupulous way, including by certain corrupt officials from the Ukrainian Cabinet of Ministers. And to conceal this, they are organizing the current rallies.

[Kolychev] Certain people are accusing Kiev of playing the "Crimean Tatar card." Apparently, official Kiev and Majlis are pretending that they trust one another, even though they are pursuing their own goals. What do you think should be Ukraine's ethnic policy?

[Abduraimov] The current official ethnic policy conducted by the country's leadership does not correspond to the country's interests. It is inadequate for the situation in Crimea. The course toward a unitarian state may result in catastrophic consequences. Nobody questions the fact that Ukrainians are Ukraine's indigenous people. But 15 million Russians live in Ukraine as well. I do not even mention Crimea's indigenous people — Crimean Tatars. If Ukraine's ethnic policy does not heed these realities, problems similar to those in Crimea will begin emerging throughout the country. Why is Ukraine interested in our peninsula? Kiev is striving to "staple" Crimea to Ukraine at any cost. This can be achieved by various methods, but Kiev has selected the most catastrophic one — a forceful method. And this way will inevitably lead to a downfall of Ukraine itself and the loss of Crimea. One can still make it possible for our region to develop by granting appropriate rights to Crimeans and not aspiring to 90 percent of the peninsula's property. I am convinced that Ukraine's goodwill would call forth goodwill from part of the peninsula's population. Since a forceful method of arranging relations with Crimea has been selected, however, they have to stir up tensions on the peninsula, to have a serious excuse for Ukraine's military presence in Crimea.

[Kolychev] Still, it is clear that Russians and Ukrainians living in Crimea are not going to "fight" one another.

[Abduraimov] This is exactly why the "Crimean Tatar card" is being played. The image of "Tatar-enemy" has been created among Slavs for over 50 years now. In Crimea, it is easier to set Tatars and Slavs against one another than anything else. Majlis, which openly conducts an anti-Slavic and pan-Turkic policy, thus confirming the fears of the Slavic part of the former USSR about Tatars' perfidy, was set up namely for this purpose.

[Kolychev] In Crimea, however, there are organizations which are supporting Majlis and have a negative attitude toward NDKT.

[Abduraimov] These organizations were once artificially set up by special services. They have received no support from the Crimean population. This can be confirmed by the fact that they have no seats in parliament. I am convinced these services have been keeping a plan for "slaughtering" the Crimean Tatar people in their files for a long time.

[Kolychev] What does this plan represent?

[Abduraimov] Look at Chechnya, Osetia, or Abkhazia.... They will not have to deport anyone: Not a single Crimean Tatar will remain in Crimea. Ukraine and Russia will always come to terms in this regard.

[Kolychev] Very little is known about your organization. People do not talk much about it in Crimea. You are not represented in a single Crimean ruling body. Are you popular among the Crimean Tatar people?

[Abduraimov] A poll probing popularity of Crimean parties and movements conducted by the Sociological Laboratory of the Crimean Center of Humanitarian Research showed that NDKT comes fourth after the Crimean Communist Party, the Crimean Republican Party, and the Party of Crimea's Economic Revival. The poll was conducted among the Crimean population, including Crimean Tatars. OKND was not even among the first 10 organizations. And polls conducted only among Crimean Tatars have indicated that 37 percent of respondents support NDKT, 31 percent OKND, and 17 percent does not support either movement.

As for the parliament, the law on elections in ethnic constituencies envisioned co-optation of a certain defined contingent of Crimean Tatars. We were against elections held according to lists. Specific individuals should run in ethnic constituencies, even if 10 people compete for one seat. In such a case, normal and reasonable people would enter parliament. Within three years, the Crimean Tatar state media have canonized Majlis members. We have evidence that the voters were threatened and pressured to cast bundles of ballots. Only an utter falsification made it possible to form a monolithic team of Crimean Tatar representatives in parliament — the "Kurultay" faction. According to unofficial data, however, 46 percent of people voted for NDKT. If ethnic constituencies are established, all voters, and not only Crimean Tatars, will vote for our candidates. If this happens, our organization will win seats in a new Crimean Supreme Soviet.

Political Forces Said Exploiting Tatar Unrest

MM2706144195 Moscow TRUD in Russian 27 Jun 95 p 1

[Report by Svetlana Tumanova: "Situation in Crimea Hotting Up All the Time"]

[FBIS Translated Text] Simferopol — The funerals of two Crimean Tatars — Yevbekir Veysov and Robert Gabitov — who were killed in the village of Kurortnoye, near Koktebel, by racketeers of Slavic nationality on 23 June, has led to new bloodshed. On 25 June around 10,000 Crimean Tatars assembled at the scene of the event. After the funeral procession they had ransacked and set fire to restaurants, stores, stalls, and other commercial undertakings in Feodosiya and Koktebel which belonged, they claimed, to the "Bashmakov mafia clan," which is involved, according to them, in carrying out acts of violence against their Tatar kinsmen, and demanded that the law-enforcement agencies hand the killers over for them to mete out their own punishment.

Vitaliy Kyrychenko, chief of the Ukrainian Ministry of Internal Affairs [MVD] Main Directorate in the Crimea, told your TRUD correspondent that "the identity of the four criminals suspected of murdering the two Crimean Tatars has been established and that measures are now being taken to detain them through the All-Ukrainian Criminal Investigation Department; while Crimean Tatars, armed with stones, axes, Molotov cocktails, and small-arms weapons are merely hindering police work by their actions and inciting a situation." It very much suits some people for there to be unrest in the Crimea is how he summed it up. And he assured me that "strict measures of accountability" would be applied to the organizers. Reinforced militia detachments have been dispatched to the conflict zone to stop people taking the law into their own hands and, according to Kyrychenko, two of those militiamen have been injured, while no Tatar citizens have been hurt.

Whereas your correspondent was informed at the [Crimean Tatar] assembly that on 25 June road blocks were set up using militia APC's to stop around 100 vehicles containing Crimean Tatar "protesters" as they were leaving Sudakskyy Rayon for Simferopol, while members of the OMON [special-purpose police detachment] fired assault rifles at them near Belogorsk, as a result of which two Crimean Tatars were killed and more than ten wounded. In confirmation of this the Crimean Tatar Assembly has presented a large quantity of spent cartridge cases from assault rifles to the leaders of the Ukrainian MVD Main Directorate in Crimea, who maintained that no one had issued an order to use weapons against the Crimean Tatars.

Crimean Government Vice Premier Andriy Senchenko, who heads the Conciliation Commission, made up of representatives of the Crimean Tatar Assembly, the MVD, and the organs of executive power of Crimea, which had had to work all through the previous night in an attempt to settle the situation, confirmed the fact that the use of firearms by the militia had led to casualties. In an interview with your TRUD correspondent on 26 June Senchenko reported that it had been possible to localize the conflict, which had shifted to Belogorsk: Talks are being held with the Crimean Tatars, who are being urged to return home. Conferences are being held virtually around the clock at the Ukrainian MVD Main Directorate in the Crimea, where Ukrainian Deputy Internal Affairs Minister Viktor Korol has arrived in view of the worsening situation, while the Crimean Parliament called an emergency session on this score 26 June. The joint commission of the government, parliament, law-enforcement agencies, and the Crimean Tatar Assembly is engaged in investigating the circumstances of the confrontation. By the middle of 26 June, according to the leaders of the MVD Main Directorate leadership, the situation in the Yuzhnyy Bereg area had become stabilized and was under vigilant control.

The funerals of the Crimean Tatars killed by riflemen in militia uniform are planned for 27 June, while the Crimean Tatar Assembly plans a new protest rally in Simferopol on Saturday, which could, as commentators observe, be accompanied by new confrontations and provocations. The opinion is also expressed that the conflict is political rather than national in nature and that "certain political forces" are using Crimean-Tatar askars to carry out their strategy of turning the Crimean peninsula into a trouble spot....

Further on Crimean Election Results

WS2806085195 Kiev INTELNEWS in English
2315 GMT 27 Jun 95

[FBIS Transcribed Text] Kiev, June 27 — According to preliminary data, 797,350 people, or 53.35 percent of all registered voters, took part in Sunday's local administration elections in Crimea.

In Rozdolnenskiy and Pervomayskiy districts, the figures are 69.42 and 68.56 percent, respectively, according to the Ukrainian Parliament Secretariat.

Thirteen of 25 chiefs of district and city administrations were elected. A second round of elections will be held within two weeks in Belogorsk, Krasnogvargeysk, Leninskiy and Chernomorskiy districts and in the town of Sudak, where two candidates received a plurality.

In six cities (Alushta, Armiansk, Saky, Simferopol, Feodosia and Yalta), where less than 50 percent of all voters cast their ballots, repeat elections will be held.

Two hundred and forty of 278 chiefs of village administrations (86.33 percent) and 3,325 deputies of local administrations of all levels (77.38 percent) were elected.

Fifteen district and city administrations (60 percent) and 235 village administrations (83.04 percent) were formed in the autonomous republic.

Economic Issues

Decree 'On Privatization Measures' Detailed

WS2806101395 Lvov INFOBANK in English
0901 GMT 28 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] President Kuchma has signed a decree "On Privatization Measures in 1995". The decree sets the number of state-owned enterprises and other items of state property to be privatized by year's end, dividing them into six groups: 22,450 items of Group A, 8,000 items of Groups B, C, D, and F, and 1,200 items of Group E. Group A is made of enterprises with the fixed assets not exceeding 33,600 million karbovantsi [K] as of January 1, 1995. Group B consists of enterprises with the fixed assets from K33,600 to K2,150,000 million; a share of assets per one employee in this group may not exceed par value of the property privatization certificate by more than 1.5. Group C features the same fixed assets requirements, but a share of assets per one employee in this group may exceed the 1.5 limit. Group D is made of monopolistic enterprises irrespective of their net worth, defense industry enterprises which are subject to military conversion, enterprises to be privatized with the participation of foreign investors, and enterprises with the fixed assets exceeding K2,150,000 million. Group F consists of state holdings in joint ventures, and Group E — of closed-down enterprises, unfinished construction, and property of liquidated enterprises which went through bankruptcy.

In the case that no bids were submitted for the privatization of a Group A enterprise, such enterprise might either be privatized on a competitive basis or restructured (divided into separate parts with their subsequent privatization). In the case that no bids were submitted for the privatization of unfinished construction items, the state privatization authorities might decide to assign such items to nominal capital of joint ventures or economic associations. Privatization of enterprises which hold monopolistic positions in a regional market shall be approved by the Anti-Monopoly Committee and a state body authorized to manage the property in question. Privatization of the Group D enterprises shall be approved by the Cabinet of Ministers. Certain enterprises, subject to approval by the Cabinet of Ministers, might be privatized according to separate business plans by means of competitive sales of their shares to foreign and domestic investors.

Foreign Investors To Participate in Privatization

LD2706215195 Moscow INTERFAX in English
1748 GMT 27 Jun 95

[FBIS Transcribed Text] KIEV, June 27 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has signed a decree on privatization in 1995. Under the decree, foreign investors will be granted a "national regime in the privatization."

Foreigners will be able to take part in the privatization of enterprises on an equal basis with Ukrainian citizens this year already, Vladimir Bilko, director of the Ukrainian State Property Fund Privatization Programs Department, told INTERFAX-UKRAINE.

The president's decree also sets state and communal property privatization tasks for the current year. A total of 22,450 small enterprises, 8,000 medium-sized and large enterprises and 1,200 enterprises the construction of which was not finished, are up for privatization in 1995.

The decree charges the Crimean government and local legislative bodies with presenting to the Ukrainian State Property Fund in a week's time a list of enterprises eligible for privatization.

Bilko said the decree was issued because there is no state privatization program approved by Ukrainian parliament.

Industry Ministry Offsite Session Detailed

WS2706091895 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 20 Jun 95 p 4

[Report by Heorhiy Chornomorskyy: "Leonid Kuchma: 'Barter Deals Mean Return to Feudalism.' The State Helps the Individual, the Individual Helps the State"]

[FBIS Translated Text] I would like to emphasize that the following article is not a report on an offsite session of the Ministry of Industry held at the end of last week in Dniprodzerzhynsk. Plant chimneys still smoke in that city and two symbols — the monuments of Prometheus and Vladimir Lenin — peacefully coexist there. Even when I will be citing that, frankly speaking, extraordinary event, I will only do it to the extent it is related to my impressions of the short conversation with Ukrainian President Leonid Kuchma, who took an active part in the expanded session of the Ministry of Industry Board.

It is natural that readers may have at least two questions. The first is: Why was the session held almost 500 km from Kiev? The second question is: Why, despite a great workload, did the president participate in it? I will answer to the first question right away, while the answer to the second will be provided somewhat later.

First, about the site of holding the board session. One of the leading enterprises of the former USSR — the Dneprovsk Dzerzhinskiy metallurgical combine — is bankrupt. Its production volume in 1994 stood at 68.8 percent of the 1993 level. In the first quarter of 1995, its production volume was 59.9 percent of the level of the corresponding period of 1993. While the company's rentability [rentabelnost] stood at 31.4 percent in 1993, it was only 9.5 percent in the first quarter of 1995.

The metallurgical combine's financial indicators have deteriorated, too. Its solvency has bottomed out. The deficit reached 110.1 billion karbovantsi [K] in 1994, while in the first quarter of 1995, this figure reached K1.613 trillion. By the end of 1994, the working capital deficit stood at K7.4 trillion in comparison to estimated norms. Only three months passed, and this figure increased by another K1.5 trillion.

It is currently no secret that the lack of working capital was primarily caused by monthly price hikes for raw materials and energy resources, as well as by the use of working capital for major construction and the social sphere (K1.682 trillion were spent for this purpose in 1994). As people say, nothing to add nothing to take, given that in 1994 alone prices for natural gas increased 17.4-fold, for electrical energy — 15.2-fold, and for coal — 51.2- fold. Meanwhile, prices for metallurgical industry products increased only 12.4-fold.

It might seem that the working capital siuation is absolutely clear. However, by asking questions and making his own remarks, the president unexpectedly revealed the other side of the problem, the one which we prefer to ignore due to a number of circumstances. Here is what sometimes happens: An enterprise has no money to speak of in its accounts, while its products are piling up in warehouses. Nobody ever analyzes why those products are not sold. It turns out that the Dniprovsk metallurgical combine is not an exception. Unfortunately, even the deputy general director for economy, who must know everything, could not answer the president's question about what kinds of products and for how long had been stored in warehouses. Meanwhile, the sale of those products could, at least to some extent, mitigate the problem of nonpayments and working capital.

The current shortage of working capital made the Dzerzhinskiy combine, as well as other enterprises of the metallurgical industry, meet their demand for raw materials through barter deals. I would like to specify that VAT on the volume of barter deals was added to the end price, which boosted prices and decreased the competitiveness of products.

The president pointed out: "Barter is a return to feudalism." Nobody argued against this definition. However, in my opinion, the managers had grounds to fear that an immediate and nationwide ban on barter operations was fraught with dangerous consequences.

A very serious situation may develop indeed. On the one hand, nobody knows from where to obtain raw materials, given the current financial problems (the Ministry of Industry buys raw materials — and not imported clothes — through barter deals). On the other hand, nobody knows what to do with the agreement signed earlier or who will pay horrendous fines for non-observance of commitments. Many managers suggested that regulation limits [rubezhi regulirovaniya] be outlined in light of the gradual suspension of barter deals. For instance, by the end of the third quarter, the volume of natural exchange [barter] is to decrease by 25 percent, and by the end of the year... and so on.

The president has vast powers. However, the point is that the president evaluates events not only from his own perspective — no matter how broad it is — but also from the perspective of specific performers, those people who have an impact on implementing various ideas. Barter is a form of regression, indeed. It is more than a return to feudalism; it is a return to the flint-stone age. The only difference is that instead of traditional sheep, money is currently represented by a tonne of ore, steel, or coal. Still, I have the impression that the requests expressed by the managers were not just voices crying in the wilderness. The presidential advisers will hardly manage to persuade the president into believing that an immediate and nationwide ban on barter operations is inexpedient.

The president of Ukraine addressed another important problem during his stay in Dniprodzerzhynsk. Enterprises are being closed down and this process will continue. At those that are still afloat, entire workshops are being mothballed. Unemployment has become a reality and nothing can be done: One has to pay for everything, including for admission to the market economy.

However, does an ordinary man, who cannot find an application for his knowledge and experience, feel any better because of that? In all civilized and prosperous states society assumes responsibility for the poor. Of course, our state will not abandon people in dire need. However, those people can and are obliged to help the state. The president unequivocally stated this. He very persuasively substantiated the idea of the necessity to create the institution of public work. We have dirt, garbage, and poor roads.... Meanwhile, people sit in front of idle machines and receive welfare. Only those who do public work should be assisted by the state.

I can imagine the hue and cry raised around this issue by the advocates of democracy and social justice! However, public work was not invented in Dniprodzerzhynsk; it was widely used in ancient Rome and not for slaves, but for free citizens. Public work was widely used in France in the 1830's and in Germany in 1930's. It was during that period that hundreds of kilometers of wonderful highways were built in Germany. Of course, this issue should be prepared first. It would be the easiest thing to give people shovels and tell them: "Take as much and throw as far as you can." However, what if someone is unfit for physical work? The idea of public work could be as easily discredited if — as often happens, we will be filling holes in dirt tracks with hot asphalt. Who needs "Sisyphus labor?"

We have a lot of shortcomings, indeed. Very naturally, people keep asking: "What prospects do we have, when will the production decline stop, when will the words 'barter' and 'unemployment' disappear from our lexicon?"

Commenting on the political aspects of the Sochi talks, Leonid Kuchma emphasized that by cutting the "Black Sea knot" and resolving the Fleet's problems, he and Boris Yeltsin made decisions whose implementation will have a favorable impact on our states' economies. In particular, joint Ukrainian-Russian companies will be established in the immediate future, which will use the traditional economic ties and undoubtedly play a significant role in boosting economic development. It should be pointed out that those companies will enjoy substantial privileges. In particular, they will be relieved of paying customs duties. Nevertheless, there are a lot of problems ahead of us, and the aforementioned nonpayments are the principal one. While prices for oil and gas do not exceed the world prices, consumers have to pay a lot more for Donetsk coal. Mines have not been reconstructed for a long time; coal deposits have been exhausted. However, those enterprises, that buy coal at a high price are forced to either increase prices for their own products or to suffer financial losses. There is no other option. In the times of Yukhym Shelest and Volodymyr Shcherbytskyy [former chairmen of the Ukrainian Communist Party Central Committee], the state subsidized the production of coal in Donbass. At the analysis session of the Ministry of Industry Board, many managers suggested that the old practice be reinstated, which, in their opinion, will facilitate normal pricing. Aware that the state does not have any free funds for this undertaking, they suggested that the profit tax be increased by 2 percent.

My impression was that the president opposes this approach in essence. Leonid Kuchma cited a very graphic example: A decision had been made to close down an unprofitable mine, whose daily output amounted to 60 (!) tonnes of coal. Guess what happened then. Once people had heard some rumors, the output increased tenfold within a week!

This was really an impressive example. Will such enterprises work more efficiently if they are subsidized? However, if similar mines start working at their maximum capacity, a radical change is unlikely to occur. The president is fully aware of this, and therefore he issued appropriate orders to the Ministry of Finance, the Ministry of Economy, and other competent bodies aimed at determining the parameters of our pricing policy. This was a very timely decision. Taking into account the president's systematic approach and tenacity, I am absolutely sure that his orders will be implemented in the best manner. Yet in my amateurish opinion, given the current price for coal, even the wisest pricing policy will not resolve all the problems. Perhaps, we should reconsider all the views on subsidizing coal production in Donbass. To be more precise, instead of subsidizing production, we should only cover the difference between world prices and production costs in Donbass. Of course, once we decide to provide subsidies, this should be a temporary, and not permanent measure. This will not amount to a betrayal of market principles. In the past, coal production was subsidized in Great Britain, Germany, and Belgium.

Of course, we can pass all kinds of resolutions, yet even the wisest of those will have no effect if we fail to reach a high level of performers' discipline. The president underscored that he would undertake all measures to increase every performer's sense of responsibility, among ministers and miners alike. That is a proper decision, for anarchy has never done anyone any good. The president enjoys vast powers and he is obliged to apply them for restoring order in the state. Incidentally, many managers complained about the ambiguity of the situation, which affects their performance: One day they deal with one Cabinet of Ministers official, and the next day with a different person. This other official often has his own vision of the problems and a different approach toward resolving them. Leonid Kuchma fully concurred with that opinion. The president pointed out: "It is time we put an end to ministerial reshuffling. Otherwise, it happens that a new minister arrives, works for six months or so, becomes familiar with the job, and waves goodbye."

However, the president did not give a specific answer to the question whether Minister of Economy Roman Shpek and Minister of Industry Anatoliy Holubchenko would retain their posts. Leonid Kuchma only said: "Yevhen Marchuk will remain prime minister." I think that the president does not have substantial complaints about the performance of Roman Shpek, or even more so Anatoliy Holubchenko. He dodged the answer not because he had any doubts but because, given his politeness, he quite reasonably believes that the privilege of naming cabinet members belongs to Prime Minister Yevhen Marchuk.

As for the reasons which prompted the president's decision to participate in the expanded session of the Ministry of Industry Board despite his busy schedule, Leonid Kuchma clearly explained those: "The Ministry of Industry is the locomotive of Ukraine's economy. The operation of other sectors, as well as the future of our state depend on how successfully it copes with its problems."

Finally, I would like to mention one more issue. The [VSEUKRAINSKIYE VEDOMOSTI] editorial office has learned the following: Leonid Kuchma told Yevhen Marchuk, who came to meet him at Kiev's Boryspil Airport, that the perfect organization of the board session deserved the highest mark. Our newspaper, too, received a high mark. Leonid Kuchma told me: "I read VSEUKRAINSKIYE VEDOMOSTI with pleasure and I understand your subscribers. Your paper does not dash from side to side; it has its own views and publishes in-depth analytical materials and interesting reports.

Insurance Industry Reform, Investment Viewed

WS2606123095 Kiev INTELNEWS in English
2315 GMT 25 Jun 95

[Report by Natalia Olynec: "Ukraine Takes Out a New Insurance Policy" — from the "Economic Review" feature]

[FBIS Transcribed Text] Big Brother is broke. The state will no longer bail out a Ukrainian enterprise if lightning strikes. As the government pushes for privatization of enterprises, the new rules of the game require a quick response from inexperienced Ukrainian insurance companies.

Parliament passed last week in the first reading amendments to insurance legislation that would radically restructure the essentially unregulated insurance market and open the door to foreign participation.

The Ukrainian insurance market is in its very early stages of development. Premiums total $455 million, which is very low for a country with a population of 52 million people. There are more than 600 companies with few assets creating an unstable market, according to a recent report by the Organization for Economic Cooperation and Development (OECD). Firms are asked to declare a largely symbolic statutory fund of $5,000. (One company even asked the supervisor to admit ivory worth $5,000 as their initial capital.)

PSYCHOLOGICAL DEPENDENCY

In the Soviet Union, GosStrakh (State Insurance), a department of the Finance Ministry, provided Ukrainians with simple insurance products. Workers paid premiums every month for insurance covering accidental damages and death. At retirement, premiums were reimbursed without interest. These policies were popular as a savings instrument because they offered a use for surplus cash that accumulated due to the shortage of consumer goods.

The former state monopoly was divided after independence into six companies, the largest of which is Oranta, with reserve funds equaling KBV [karbovantsi] 850 billion. Its major business is agricultural insurance and worker's compensation. Oranta is a joint-stock company still owned by the state.

Local trust of new insurance companies is low and market thinking will need to take a major mental leap to attract insurance customers. Millions of Ukrainians lost the value of their insurance premiums, accumulated for decades, after independence and massive inflation. The state is struggling to create a system of compensation.

Still, many assume the state will always cover them. Last year, after floods damaged factories in Rivne, even members of the Cabinet of Ministers needed to be reminded that the Oranta was not required to cover the damages.

"They said they would only cover those with insurance policies. And people were shocked," said Dmitriy Raschyvalov, the Ukrainian consultant for Marsh & McLennan, the world's largest insurer.

SLOW AND UNSTEADY

About 30 major insurance companies emerged with privatization but they are still relatively small. One life insurance company has 300,000 policy holders, although coverage for them is only $1,000, according to the OECD.

Legal and regulatory policies are still inadequate, however, to allow a modern insurance market to develop, said industry specialists. But initial steps are being taken this year to develop the market.

The Insurance Supervisory Committee (ISC) was set up as an independent body subordinate to the Cabinet of Ministers in September 1993 to regulate and nurture the insurance industry.

The Insurance Association, a league including most registered firms, is a fledgling lobby group that submits opinions on amendments to insurance regulations and organizes educational programs for its members. An ongoing project is the establishment of a database of insurance statistics and an on-line network to connect insurers, the association and supervisory authority.

The current system of insurance regulations is based on a Cabinet of Ministers decree that came into force in May 1993. The decree was passed while Parliament was suspended and technically has the force of law.

Now Parliament is considering amendments to regulate the market that is growing out of control and is open to corruption. "Insurance companies must strengthen as privatization accelerates," said Mykola Tryhup, Oranta deputy director.

Provisions of the amendment Parliament will soon consider in second reading include:

— raising the minimum statutory fund for insurance companies from the "symbolic" $5,000 to $100,000;
— foreign capital investment in the statutory fund limits will be increased from 20 percent to 49 percent;
— the opening of foreign insurers and broker representative bodies is to be authorized by the supervisory committee;
— new methods of structuring insurance company reserves (the principles of technical and free reserves, earned and unearned premium income) are to be introduced;
— the principles of what constitutes insurers profits will be defined;

Additional legislation under Parliament's consideration include:

— obligatory motor third party liability insurance
— medical insurance
—obligatory insurance for state-owned property as of July 1, 1995.

The increase in statutory fund requirements to $100,000 will decrease the number of insurance companies to about 40 to 50 in the third quarter and increase the number of insurance brokers, according to Ihor Gordienko, president of Ostra, a large insurance firm specializing in cargo and property insurance. (Ostra is the successor to the Soviet Union's ImGosStrakh, the foreign trade insurer.)

Now only about 10 percent of companies have statutory funds exceeding $100,000 and 10 to 15 percent have funds exceeding $500,000, Gordienko said.

Many smaller firms are already insolvent after trying get-rich- quick schemes. One company tried to bow out gracefully but was not slick enough. After going bankrupt it sent a letter to the supervisory committee asking it to take care of its clients. The company even informed its clients of the "transfer of responsibility." After receiving the letter, the supervisory committee immediately informed the police.

WHO'S WATCHING?

The current system of supervising insurance firms is inadequate, say western experts. Many life insurance providers conduct unsound policies. They sell unit-link type products that guarantee a certain interest rate at the time of sale. However, the insurer will not be able to offer the guaranteed rate of interest to all policy holders because their investments do not earn the estimated return. About 80,000 insured people will be in trouble if these companies become insolvent.

The current system for securing financial stability of insurance companies consists of:

— minimum statute capital;
— limitation of the volume of insurance liabilities in relation to the amount of the statute capital and insurance reserve funds;
— creation of reserves by setting aside up to 50 percent of the premium income;
— voluntary creation of collective guarantee funds;
— investment regulation on reserve funds and other authorized funds.

However, the supervisory committee, according to current regulation, does not have the right to supervise products and tariffs — a key to preventing the sale of unsound insurance products.

The successful transfer to a modern insurance market in Ukraine requires the application of western accounting methods, Tarabukhin said. The ISC is unable to control the solvency of Ukrainian insurance companies based on modern insurance accounting methods. "Neither insurers nor the supervisors are able to determine the real profits or losses of insurance companies," according to the OECD report.

With only 40 staff members, the ISC is unable to control the activity of 700 firms. "Many set up store-front operations and simply take the money and run," Alexander Tarabukhin, coordinator of Deloitte & Touche's management consulting department insurance technical assistance program, run under the auspices of the European Union TACIS program. .

Ukraine also lacks a developed network of independent domestic surveyors-loss adjusters, risk management consultants or actuary firms, according to Gordienko.

RISK FOR SALE

Foreign firms are taking tentative steps into the market but are still discouraged.

"The market potential is huge but the conditions are not attractive (for foreigners)," said Tarabukhin.

The ISC's aim was to nurture Ukrainian insurance companies during the initial stage of transition to a market economy rather than introducing foreign capital. However, local insurers lobbied the ISC to change its policy because they lack sufficient funds to take on larger risks. The ISC and insurers say they hope the new higher limit for foreign direct investment in Ukrainian companies will attract foreign insurers to work with local firms. So far only three foreign insurers (two from Russia and one from Belarus) invested in Ukrainian insurers.

Many firms cede the bulk of their insurance contracts to western insurers for larger risks (marine, aviation, construction, liability) through reinsurance with underwriters such as the Lloyd's of London market. Ukrainian insurance firms are not allowed to take on a single risk equaling more that 10 percent of its reserve funds, thus many work only as brokers and divide the risk.

"About 80 to 90 percent of our policies are reinsured," Gordienko said. Ostra has reserves of about $1 million. Cross-border transactions are forbidden by law, although some foreign insurers seem to conduct them illegally, according to the OECD report.

Marsh and McLennan Inc., an international broker with $3.4 billion in revenue, has Ukrainian consultants in Kiev acting as brokers and keeping the pulse on the economic climate. The central office for Eastern Europe is still hesitant about opening a representative office in Ukraine. "There is not enough foreign investment (in Ukraine) for us to justify a presence right now," said Jozsef Klinger, director of Marsh & McLennan Budapest Kft.

Initial projects between Marsh & McLennan and Oranta fell through, according to Tryhup.

"It's because we don't have proper legislation," Tryhup said. The instability and non-convertibility of currency complicate relations with foreign brokers, Tryhup said.

Meanwhile, Marsh McLennan is getting a foothold by brokering several major deals through local consultants. The firm brokered the aviation risk insurance (third party liability, cargo and crew insurance) totaling millions of dollars for Busin, a Ukrainian insurer of a local consortium that leases defense planes for private cargo use.

"It's not peanuts," Raschyvalov said. Brokerage revenues of Ukrainian business equaled revenues of the Budapest office, the center of East European operations.

Bain Hogg (UK) also has a representative office in Kiev and is the one of the major reinsurance brokers for Oranta. Sedgewick, another British firm, also has representation. The Black Sea and Baltic Insurance Company Ltd. in London insures cargo and ports on the Black Sea. Oranta has an agreement with the Polish insurer Powszechny Zaklad Ubezpieczen SA (PZU) for "green card" international transportation insurance for Ukrainian international cargo firms. It also provides international travel insurance through ELVIA, a major French insurer.

Some Ukrainians fear reinsurance will cause the outflow of capital from the country. "People are used to believing all westerners are sharks of imperialism," said Vitaliy Voloshyn, a consultant for Marsh & McLennen.

But foreign firms are encouraging initial fronting operations in Ukraine to set a basis for cooperation between local and foreign firms. "We've learned from the experience of Hungary. When the market opened to foreign firms local insurers died," Voloshyn said.

Relations with reliable foreign brokers will develop the local insurance market and provide the lowest premiums, according to Voloshyn.

Ukrainian insurers understand best the specific risks inherent in the Ukrainian context. "None of them knows how to work in our market. All the risks can be taken with the lowest cost by local firms," Voloshyn said.

Still, young Ukrainian firms must catch up fast to develop regulations and policies to fill the demand for insurance as industry is privatized.

"Compared to western experience, I'm not a specialist," Gordienko said. "There's a lot I don't know. But the first steps are always the hardest."

Belarus

Lukashenka Addresses Slavic States' Governors

WS2706143295 Minsk VO SLAVU RODINY in Russian 24 Jun 95 p 1

[Text of speech by President Alyaksandr Lukashenka at the meeting with Russian, Belarusian, and Ukrainian oblast governors in Minsk; date not given: "Relations Between Russia, Ukraine, and Belarus Remain and Will Be Reliable"]

[FBIS Translated Text] Esteemed comrades!

Let me cordially greet all participants in this Minsk meeting — heads of Russian, Ukrainian, and Belarusian oblast administrations.

I am sincerely glad to meet with you, because I regard this meeting as a particularly important and logical component of the entire integration process within the framework of both our state and that of the CIS.

You and I are allies and colleagues in this interstate process of unification.

I am emphasizing these words, because I am absolutely convinced that a trend toward sane integration will be implemented, if this integration acquires a comprehensive nature not only in expanding the parties' interest in this issue, but particularly when such important components as industry, the agroindustrial complex, culture, education, and medicine — in a word, everything that must shape profound and irreversible forms of such integration — are included in this needed integration.

I became convinced of this once again when I as a member of our delegation visited St. Petersburg. When I conducted talks with Anatoliy Aleksandrovich Sobchak, when I met with representatives of business circles, I became convinced that there are no disagreements between us and it is simpler for us than for anyone else to reach mutual understanding.

I will not detail the lengthy history of good-neighbor relations between our Slavic peoples. I will state that relations between Russia, Ukraine, and Belarus, whether one likes it or not, remain and will be reliable and stable as before.

I believe that you have already formed an image of our Republic, our economic and social potential, our historic and cultural traditions, as well as of our problems during our meeting.

I will not make any secret of the fact that our state is going through the most complicated period of its development, of implementing systemic transformations in the economy, public life, domestic and foreign policies.

Our Republic has become a sovereign and independent state over a short period of time, against the background of peace and relevant social stability. A new political system — the democratic principles of which have been enshrined in the Constitution and have been additionally confirmed by the recently held referendum — is being established.

Of course, one should admit that many positions in the socioeconomic development of oblasts and regions, gained earlier, became considerably shattered over the years that followed the breakup of the USSR. But we have not launched efforts to recklessly neglect the best of our old experience.

The objective reality of disrupted economic and other types of relations has led to negative results.

Life in new conditions, however, has taught us specific lessons: We understood that it is impossible for us to live separately, that the barriers built by us are in essence artificial, hence, unviable. Numerous examples of restored businesslike relations between oblasts, rayons, and individual labor collectives from Russia, Ukraine, and Belarus prove this.

The logic of further economic development dictates the need to look for new forms of integration, considering the interests of partners, the established model of labor distribution and labor cooperation to accomplish the aim of resolving crisis developments. Ordinary and simple wisdom — we cannot survive in isolation — pushes us to widely develop horizontal links. Perhaps the most important is that the comprehension of the loss of our former unity, hurting the souls and hearts of millions of people, was replaced by an unconditional request to us, politicians, to remove this historic injustice that cannot be justified by anything. The peoples urge us: We should live together. Our usual activities and common sense encourage us to live together.

Can we doubt this demand of the times? Of course not. Resolute steps along the path of mutual rapprochement and of the recovery of unity at the state level have already been taken. The customs border between Russia and Belarus has been removed. This could not be otherwise because our ancestors established trade relations between the south and the north across this territory; they pioneered in blazing new routes from the Varangians to the Greeks. It is wonderful that you support all activities of presidents, heads of governments of our states by specific steps toward integration at the level of oblasts, cities, and rayons. You should push us more rigidly toward this direction.

We can do much within the framework of the economic union at the regional level. Previous meetings also showed this; this meeting in Minsk proves this as well. Much in this respect depends on you, heads of Russian, Ukrainian, and Belarusian oblasts, representatives of your regional opinions.

We cannot but listen to the voice of people's diplomacy. The people want to cooperate in culture, education, tourism, and sport. We cannot deny them the right to spiritually enrich one another, to increase their knowledge of each other's history and traditions.

The objective logic of the economic development of our regions dictates the need to look for new forms of integration, taking into consideration the interests of partners and the level of economic integration in the production sector.

The development of joint activities at both state and regional levels within the framework of an agreement on establishing an economic union is becoming a genuine reality.

We fully share the opinion that the task of regional policy in foreign economic relations should imply the comprehensive encouragement of an effective economic cooperation between regions of the states-participants in this meeting. This cooperation should be regarded as the basis for overcoming the economic crisis and for developing horizontal links, considering the specifics and peculiarities of the economic, scientific-technical, and natural resources potential of our states.

In our opinion, the development of direct relations between enterprises, the implementation of sectoral and intersectoral programs, and the establishment of financial-industrial groups and joint ventures, primarily in light industry, petrochemicals, machine-building, and the agroindustrial complex are becoming particularly important.

In conclusion, I would like to thank you for the opportunity to meet with you and to say a few words in acknowledgement of your participation in resolving vitally important integration between our states and peoples.

I think that I will not make a mistake if I say that this meeting in Minsk will become a powerful impulse in strengthening our cooperation and in making it a stable and multifaceted process.

Lukashenka Speaks at Defense Collegium

LD2706205095 Minsk Radio Minsk Network in Belarusian 0700 GMT 27 Jun 95

[FBIS Translated Text] The state of the armed forces and ways of reforming them were the main themes of the an expanded sitting of the Defense Ministry collegium that was held on 26 June in Minsk. A speech was made to those present by President Alyaksandr Lukashenka. He noted that the state has shown much attention to and concern for its army. He is convinced that the task is qualitatively to improve its reform. The president also stressed that in the context of army reforms there must be increased accountability of commanders for the implementation of their professional duties.

Delegation Ends Visit to UK, Netherlands

WS2806082495 Minsk Radio Minsk Network in Belarusian 0700 GMT 28 Jun 95

[FBIS Translated Text] A Belarusian delegation headed by Dzmitryy Bulahow, chairman of the Parliamentary Commission for Legislation, has concluded a visit to Great Britain and the Netherlands. The visit was held in the framework of drafting new parliamentary regulations. The Belarusian delegation comprised employees of the Institute of State Building and Legislation, deputies to the old Supreme Soviet, as well as newly elected parliamentarians.

As delegation head Dzmitryy Bulahow noted in an interview with BELAPAN, for the first time contacts were established with the lower chamber of the British Parliament — the House of Commons. During the trip, the Belarusian delegation met with representatives of the largest British parties — the Conservative and Labour Parties. According to Bulahow, the goal of this visit was to study this country's traditions and laws, as well as the foundation of British democracy, and later to adapt Great Britain's political experience to Belarusian realities.

Deputies Accused of Election Irregularities

LD2706202595 Minsk Radiostantsiya Belarus International Service in Belarusian 1800 GMT 26 Jun 95

[FBIS Translated Text] There are serious grounds for depriving several new deputies of their seats, (Mikalay Karpiyevich), deputy chairman of the Committee for Combatting Corruption in Organs of State Power and the Presidential Administration, said in a press interview.

The relevant material has been sent to the Prosecutor's Office and the Central Electoral Commission, which have to reach a conclusion. In particular, the Central Electoral Commission and the Prosecutor's Office are now checking incidents of violation of the law on elections and the presidential decree by nine members of the new parliament. They have not yet been named. (Mikalay Karpiyevich) thinks that the fight for parliamentray seats was fairly tough. Some candidates spent sums of money on propaganda and canvassing considerably in excess of 600,000 (Belarusian) rubles. There were cases where candidates used office transport during the election campaign and cases of bribery of voters. Certain candidates spread slander about their rivals and canvassed on election day, noted (Mikalay Karpiyevich).

Communists Seek Solution to Parliamentary Crisis

MM2706090795 Moscow PRAVDA in Russian 24 Jun 95 p 2

[Report by Oleg Stepanenko: "We Will Survive Until November. Belarus: A. Lukashenka Caught Between Two Parliaments"]

[FBIS Translated Text] Minsk — The extraordinary 17th session of the Belarusian Supreme Soviet has failed to extricate the republic from the political crisis. There have simply remained two parliaments here — the old one elected in 1990 and the new one. According to the constitution, the old parliament's powers ran out almost six months ago. But the new one — with 119 deputies elected to 260 seats — is not assembling for its first session due to its reduced membership.

It was with the purpose of dislodging this unusual logjam by constitutional means that the extraordinary session of the old parliament was convened. Its presidium proposed making amendments and additions to the law on the republic's Supreme Soviet, which allow it to start work upon the election of two-fifths of the corps of deputies — in this case 104. A. Lukashenka supported this proposal having requested the corps of deputies — whose mandate ran out long ago — to step down gracefully. The session, however, rejected the amendment to the law on the Supreme Soviet.

What is the solution? After the Supreme Soviet barred the way to the new parliament starting work immediately by not agreeing to relinquish its powers, several solutions remain. The first is for the head of state to dissolve the currently operating — or to be more precise — inoperative parliament by invoking the articles in the constitution which clearly set out the expiry of its powers. A. Lukashenka said at a meeting with newly elected deputies that this solution is being described as dictatorial and he would not like to use it.

The second solution is to hold repeat elections. It is this solution which the session adopted. The elections are scheduled for 28 November.

This means that until the end of November two Supreme Soviets will be in operation in the republic. This situation is clearly abnormal, especially as 119 deputies of the old parliament have already been "replaced" by the electorate. What is more, the old Supreme Soviet has completely discredited itself. As Vasiliy Novikaw, leader of the largest faction in the new Supreme Soviet — the communists — and secretary of the Communist Party of Belarus Central Committee, said, deputies of the other parliament, of whom 80 percent were elected as communists, were so concerned for their skins after the 1991 Moscow coup that they renounced both our great fatherland — the USSR, and the party and socialism.

In the present complex situation, the communists are coming out in favor of a constitutional solution to the crisis — repeat elections. At the same time they point out that the minimum two- thirds quota in the constitution required for parliament to function was established not on the basis of the total number of electoral districts but on that of the number of elected deputies. This means that whatever their number the new Supreme Soviet is legitimate.

If in accordance with certain legislative acts parliament is convened, the communists are ready to begin active work. Their first steps will be to make proposals about the repeal of deputies' privileges adopted by the old Supreme Soviet and submit draft laws on the recall of deputies and measures to improve people's lives. According to Novikaw, the most urgent measures will include proposals to halt check privatization, in the form in which it is presently being implemented, as well as the orgy of speculation. We will do everything , Vasiliy Nikolayevich noted, to stop people being robbed in this way.

'Belaya Rus' Proposes Dual Citizenship Referendum

WS2806082595 Minsk BELAPAN in English 0701 GMT 28 Jun 95

[FBIS Transcribed Text] The Slavic Assembly "Belaya Rus" has made a statement which contains the proposal to conduct a nationwide referendum during the forthcoming repeat elections to the Supreme Soviet on single (or double) Belarusian-Russian citizenship. According to the statement, putting forward such a proposal they took into consideration the fact that "over 2 million Belarusians live beyond the borders of Belarus, and over 2 million Russians live in the territory of the Republic." In addition, in the opinion of the authors of the statement, the referendum will favour the strengthening of integration processes with the Russian Federation, and the solution of many problems of millions of people who have "ties of relationship on both sides of the artificially created frontier."

Trade Unions Prepare for 'Mass Protest Actions'

WS2706124495 Minsk BELAPAN in English 1133 GMT 27 Jun 95

[FBIS Transcribed Text] At an enlarged sitting of the trade union committee of the Minsk tractor works it was decided to actively participate in the prepared protest actions. As it was reported earlier, last week the leaders of the largest trade unions — those of workers of motor car and agricultural machinery construction and radio-electronic industry — declared their intention to start the organisation of mass protest actions. The actions are a natural reaction of workers to the government's non-observance of the General Agreement for 1995 and mass breaches of collective agreements by the administrations of enterprises. As it was pointed out at the sitting of the trade union committee of the Minsk tractor works, the socio-economic policy of the Cabinet of Ministers is leading the Republic to a catastrophe.

Moldova

Grachev Ends Visit, Departs for Home

LD2706162095 Moscow Russian Television Network in Russian 1300 GMT 27 Jun 95

[From the "Vesti" newscast"]

[FBIS Translated Text] Russian Defense Minister Pavel Grachev finished his working visit to Moldova today. Yesterday he met Moldovan President Mircea Snegur and visited the 14th Army in the Dniester region. Today he spoke to Moldovan Defense Minister Pavel Creanga, his colleague and namesake.

Pavel and Pavel discussed matters of military and technical cooperation as well as problems linked to the withdrawal of the Russian troops stationed on the territory of Moldova. [video shows Grachev inspecting troops, talking to Moldovan defense minister]

The withdrawal will take three years to complete in three stages. In the first two years spare equipment and munitions will be withdrawn, along with various auxiliary subunits of Russian troops who were left in the Dniester region when the Odessa Military District was dissolved. The 59th Division, which makes up the core of the 14th Army, will be withdrawn last.

[Begin Grachev recording] We also reached a mutual understanding to the effect that the troops may be withdrawn when real agreements are reached on solving the Dniester conflict. [end recording]

After the news conference the Russian defense minister visited Moldova's 2d Motorized Infantry Brigade. These barracks once housed a Soviet, then Russian regiment of paratroopers.

At noon Grachev left for home.

Grachev Details 14th Army's Withdrawal Plans

AU2806082495 Chisinau INFOTAG in English 1952 GMT 27 Jun 95

[FBIS Transcribed Text] Chisinau, INFOTAG, 27/6/1995 — Russian Defense Minister, Four Star General Pavel Grachev, accomplished his visit to Moldova today.

Mr. Grachev met with President Mircea Snegur, Moldovan Defense Minister Brig. Gen. Pavel Creanga, and with servicemen of the Russian troop contingent deployed in Dniester.

Moldovan and Russian Defense Ministers expressed satisfaction about the visit's results. Pavel Grachev pointed out that they exchanged opinions over a wide spectrum of problems presenting mutual interest — political settlement of the Dniester dispute, Russian troop withdrawal from Moldova, cooperation between the military structures of the two nations.

In this context, the ministers stressed a necessity to shape a legal framework for the cooperation. Both Moldovan and Russian experts are already drafting agreements on military cooperation and on military-technical cooperation which are supposed to be signed in near future.

On Monday afternoon, Pavel Grachev met with servicemen of the Dniester-based group of Russian troops. He has assured them that the reform of the former 14th Army shall not affect anybody's material or other interests. All the military shall be receiving the same salaries, and those who wish to cease service in that region will be offered a possibility to continue their career in Russia, or may retire.

The minister has resolutely refuted rumors that somebody may be persecuted for having fulfilled orders of the former Army Commander, Alexander Lebed, during the somewhat uncertain "replacement period."

Grachev has set the chief task for the troops on the left bank: to provide for armaments safety, and to maintain peace and stability in the region.

The problems of the Russian troops withdrawal from Moldova were in the focus of attention of Pavel Grachev's visit to Chisinau and Tiraspol.

He said at today's press conference that the withdrawal shall be made in three phases to last 3 years, and during the visit in question the sides have precised the order and time-table of the troop removal.

"During the first two years, we will be removing those units which do not affect the troops' efficiency, and will begin evacuating excess property, machinery and armaments, and annihilating a part of ammunition. At the third stage, we will withdraw armored vehicles and armaments of the 59th Infantry Division," he said.

Grachev emphasized that the troop removal may only be undertaken upon achieving sound agreements on the Dniester conflict settlement. He repeated his opinion stated last Monday in Tiraspol that in a remote perspective the sides may consider a possibility of establishing a Russian military base on the Moldovan territory.

INFOTAG correspondent asked the Minister to specify how the Russian military imagine the base setting-up process, on which Grachev replied that "this may only be regarded in a remote perspective, after the army has been fully withdrawn, and on the basis of intergovernmental agreements."

Moldovan Defense Minister Pavel Creanga said this was a very complicated question, because "the Moldovan Constitution prohibits having any foreign bases on the national territory. To establish one, the republic shall have to amend the Constitution."

When asked why Russia seeks to preserve its military presence in the region, Grachev replied, "the Defense Ministry has no operative plans for using troops here."

"Their presence in the region is necessary only to provide for the implementation of the Army Withdrawal Agreement, to ensure safety of the weapons and ammunition, and to carry out peacekeeping missions," he explained.

Grachev has agreed that the situation in Dniester is currently "sufficiently stable, and the 14th Army does not play any outstanding role in maintaining peace in the region — its chief task is to prevent arms plundering."

He said he could not give absolute guarantees that the arsenals will remain intact, but assured that "their safety will be not lower than it was with the previous army commander."

The Minister said it had been necessary to reform the 14th Army into an operative group of troops to bring the number of commanding officers into line with the available contingent of servicemen. He said it was "Lebed's gross violation of the Russian legislation to have enlisted local residents having no Russian citizenship for the military service in the Russian 14th Army." The Minister said, these local servicemen are now subject to dismissal, and stressed that "Russia will promote the protection of the right of the Russian-speaker population in the region, but not with arms in hands but through rendering assistance in maintaining peace and stability."

Further on Plans for 14th Army

LD2706165495 Moscow INTERFAX in English 1339 GMT 27 Jun 95

[FBIS Transcribed Text] CHISINAU, June 27 (INTERFAX) — Russian armaments will be withdrawn from the Transdniester Region in three stages, Russian Defense Minister Pavel Grachev said on Tuesday [27 June], summing up the results of his visit to Moldova.

He said that at first excess armaments would be moved out, later the main arsenals and ammunition, and at the third stage, the units of the 59th Motorized Infantry Division would be pulled out. This plan is designed for the maximum guarding of armaments prior to their withdrawal from the region.

Grachev also said that the command of the 14th army will be completely reformed. From July 1 it will be transformed into an "operations group" under the Russian Defense Ministry in the Transdniester region. Grachev believes that "the Defense Ministry made the right decision on this score and itself oversees that army reform proceed in the right direction."

Speaking about his talks with the military and political leadership of Moldova, Grachev said that there had been a broad exchange of views on cooperation between the two countries' defense ministers, as well as on a political settlement to the conflict in the Transdniester region and the withdrawal of Russian armaments.

Grachev and Moldovan Defense Minister Pavel Creange told journalists about the need to create a legal basis for cooperation between the "power" ministries of the two countries.

They said that experts are currently drafting agreements on military and military-technical cooperation, which are to be signed shortly.

Snegur, Delegation Leave for Moldovan-Russian Summit

AU2806083595 Chisinau INFOTAG in English 1952 GMT 27 Jun 95

[FBIS Transcribed Text] Chisinau, INFOTAG, 27/6/1995 — A Moldovan governmental delegation headed by President Mircea Snegur left for Moscow Tuesday afternoon to take part in a Moldovan-Russian summit on Wednesday. Snegur has many times stated that the summit participants will focus their attention on the problem of removing Russian troops from the Moldovan territory, and on the procedure of implementing the

Army Withdrawal Agreement signed by the two states last October.

The sides will also tackle the Dniester dispute and other matters of mutual interest.

President Mircea Snegur will also speak at the International Press Club in Moscow.

Snegur Previews Talks With Yeltsin

LD2706203595 Moscow INTERFAX in English
1431 GMT 27 Jun 95

[FBIS Transcribed Text] CHISINAU, June 27 (INTERFAX) — Moldovan President Mircea Snegur left Tuesday [27 June] for Moscow to discuss with the Russian leadership a broad range of problems associated with the two countries' relations.

In an interview with the INTERFAX correspondent in Chisinau before his departure, Snegur said that during the meeting with Russian President Yeltsin the implementation of the agreement to end the military conflict in the Transdnestr Region and the development of the military-political cooperation between Moldova and Russia will be under consideration.

He said that the two sides will also discuss the problems associated with the presence on the territory of Moldova of the limited contingent of the Russian troops, with the granting to the Transdnestr Region of a special status and other problems important for both Moldova and Russia."

The Moldovan president expressed the hope that his meeting with Yeltsin will be constructive, since during his conversation in Chisinau on Monday with Russian Defense Minister Pavel Grachev a common approach was found on many problems.

Council of Europe Assembly Vote Hailed

AU2806085095 Chisinau INFOTAG in English
1951 GMT 27 Jun 95

[FBIS Transcribed Text] Chisinau, INFOTAG, 27/6/1995 — The session of the Parliamentary Assembly of the Council of Europe [CE] today accepted Moldova to the international forum, Moldovan parliamentary press secretary Anatol Barbei has reported to us from Strasbourg.

The republic has become the 35th country of the continent and the first of all CIS states admitted to the Council of Europe. Today's voting at the Assembly became the final stage of the long process of Moldova's rapprochement with the Council of Europe which took several years. The republic has received positive conclusions from the CE's Political Affairs Committee, Committee on Legal Affairs and Human Rights, and Committee on Relations with European Non-Member Countries.

The voting in favor of Moldova's admission was unanimous, though with a reservation concerning a necessity to better the republic's legal system.

Speaking before the forum, Moldovan Parliament Chairman Petru Lucinschi expressed Moldovan people's joy and gratitude for the possibility to be together with other equal-right members in the democratic family of the Council of Europe. He has assured that Moldova will spare no efforts to develop democratic values and strengthen free and prosperous Europe.

Mr. Lucinschi has pointed out that in transiting to a market economy, the Republic of Moldova is in a situation which differs substantially from the one developed countries are in. In such conditions, the Council of Europe plays a most important role in strengthening international cooperation. And it is very good that the advantages of European integration become accessible for Eastern European countries and FSU [former Soviet Soviet] republics.

The Parliament Chairman has reminded that in order to be accepted to the Council of Europe, Moldova had to demonstrate its ability to exist as an independent state, to fulfill a series of demands made by the Council. A positive appraisal of the CE has been given to the multiparty parliamentary elections, public opinion poll on the problem of national sovereignty, adoption of a new constitution, the Law on the Press, the framework legal reform, and the Gagauzi problem solution. Moldova shall undertake all efforts to peaceably solve the Dniester dispute, Lucinschi said.

Oil Prospecting Accord With U.S. Company Rejected

LD2706220495 Moscow INTERFAX in English
1748 GMT 27 Jun 95

[FBIS Transcribed Text] CHISINAU, June 27 (PIA-INTERFAX) - The parliament in Chisinau has refused to legislate a draft agreement between the Moldovan government and US Resources Development Company (REDECO) on the prospecting and development of oil and gas fields in the country.

At the same time, the government was allowed to sign an agreement with the Americans provided the existing laws were observed, Deputy Prime Minister Valentin Kunev told the Petroleum Information Agency, a division of Interfax. The deal is to be signed later this month.

Under the agreement, REDECO is committed to start producing an annual 100,000 tonnes of crude at Valenskiy oil field this year (its recoverable resources are estimated at 10 million tonnes) and an annual 65 million cubic meters of gas at Viktorovskiy gas field in 1996 (its recoverable resources are put at 24.6 billion cubic meters).

Chisinau has no geological data on the country's oil reserves because of a lack of advanced technology. Kunev said REDECO proposals were noteworthy because of the company's pledge to invest some $27.5 million into the project and take whatever risk is entailed.

In return, the Americans are committed to pay a 20 percent profit in oil and gas or in hard cash. Chisinau will also be granted a 5 percent discount on the purchases of the remainder.

Moldova's annual need for oil imports runs at 3.4 million tonnes, all of it from Russia. Its total energy bill is put at about $800 million a year.

Snegur Explains Reasons for Leaving Ruling Party

*AU2706082095 Chisinau INFOTAG in English
GMT 1905 GMT 26 Jun 95*

[FBIS Transcribed Text] Chisinau BASAPRESS, 26/6/1995 — Moldovan President Mircea Snegur has stated the cessation of his membership in the Democratic Agrarian Party of Moldova (PDAM).

He has motivated his decision in a declaration submitted today to the party's executive committee.

"Being very much devoted with all my life experience to the problems of agriculture and considering myself a peasant in the depth of my soul, I joined the PDAM party last year. I undertook this step by the move of my heart to support the center political force (as I viewed it then,) which could become a party of national revival," the president wrote.

"I am aware that this step was met with different attitudes in the PDAM leadership. That is why I am not surprised about the metamorphoses that occurred later on in the activities of the party's leaders."

"In recent time, under the influence of extremist forces, the PDAM leadership has been conducting a radical antipresidential and antinational policy, which implies, in fact, an attempt to establish a one-party dictatorship." "The parliamentary majority faction, supported by representatives of other factions, was and is doing everything possible to reduce to the minimum the Moldovan president's plenary powers in general, and my ability to coordinate government's activities, in particular. A bright proof of that is the restriction of presidential powers in the Moldovan Constitution and, as a consequence, an appropriate amendment of the law on the government. The same line is visible in the draft laws on state security approved at the first reading," the document reads.

"Some members of the PDAM Executive Committee are more and more actively voicing doubts about the correctness of the economic reform course initiated in 1992, and about the intent to integrate the country into Western economies, and are often making direct hints about the impossibility to exist and develop independently, outside the CIS framework."

Mircea Snegur pointed out that some of his propositions for appointing local executive chairmen have been neglected. "Currently, all key figures in the localities (appointed, by the way, by presidential decrees) are facing a constant pressure of the PDAM. Moreover, they are being forced to participate in various party-organized actions normally held during office hours, which is absolutely inconsistent with the current legislation," the declaration stresses.

"These and other actions of the PDAM leadership and the majority faction in Parliament, as well as a definitely hostile attitude towards myself — particularly after my message concerning the language name was presented in the Parliament on 27 April — have aggravated in recent time."

In his assessment "the intention of party leaders to organize a language name referendum cannot be regarded otherwise but an aberration, and it withstands no criticism whatsoever."

"Taking into consideration that in its concrete actions the PDAM has deviated from its program line, I consider it inexpedient and impossible to continue my membership in the PDAM and hereby state its cessation," the declaration concludes.

Kazakhstan

Military Communications Agreement Signed With Russia

MM2806082795 Moscow ROSSIYSKIYE VESTI in Russian 27 Jun 95 p 1

[Unattributed report under the rubric "In the Corridors of Power: Agreements. Russian and Kazakhstani Military Enter into Communications Accord"]

[FBIS Translated Text] The Russian Government has approved the draft "Agreement between the Russian Federation Defense Ministry and the Republic of Kazakhstan Defense Ministry on the Organization of Communications and the Procedure for the Mutual Settlements of Accounts." In accordance with the document the Russian side will, among other things, make available to the Kazakhstani side (where possible) part of the carrying capacity of its military space communications relay stations. In turn Kazakhstan does not object to the positioning of new fixed-site radio relay, tropospheric, and cable communications lines on its territory.

Presidential Aide Krupenev Under Arrest

954F2633A Almaty NOVOYE POKOLENIYE in Russian Jun 95 No 24, p 5

[Article by Bulat Rakhimbekov: "Krupenev's Arrest Is Not Associated With His Service in the Presidential Palace"]

[FBIS Translated Text] This person, with an intelligent, cultured face, and in spectacles with an expensive frame, was well known in Kazakhstan's journalistic circles. He began his career on the youth newspaper LENINSKAYA SMENA, and at one time he made television films with patriotic scenarios. But his main talent appeared later, in the apparatus of the Central Committee of the Communist Party of Kazakhstan, where he wrote speeches and reports for the party nomenklatura. The removal of Kunayev and the arrest of several highly placed officials from his circle did not hurt Krupenev. He was able to please both Kolbin and later Nazarbayev. He became one of the most influential assistants of the first secretary of the Central Committee, and later of President Nazarbayev. It was not without the "prompting" of the assistant that at one time a correspondent of one of the central newspapers was sent out of the republic. However, Nazarbayev turned out not to hold grudges, and the correspondent was "forgiven...."

It is difficult to say what kind of cat ran between the "boss" and his closest adviser.... It is possible that in helping one or another foreign journalist get a cherished interview with the president, the assistant was not entirely unselfish.... Of course, the rumors remained just rumors, which makes it possible now for Mr. Krupenev's lawyer with complete amenability, although not without malicious delight, to announce in the Kazakhstan press that "it is unlikely that they will be able to prove it." "They" is the special secret subunit established in the inner recesses of the republic's Procuracy, which is subordinate directly to Procurator General Zharmakhan Tuyakbayev. The former assistant to the president allegedly dropped in here of his own free will in order to "dispel suspicions." But, apparently, he proved not to be convincing....

It is quite evident that Mr. Krupenev was really unaware of his big sins. Otherwise, it is unlikely that he would regularly visit his native Kazakhstan from distant America, where he worked in a very successful firm and, as they say, consulted with his former countrymen on the subject of business contacts with foreign transoceanic businessmen. He showed up in the United States after a short "stay between jobs" in the republic's MFA [Ministry of Foreign Affairs], returning for the first time to the motherland in order (according to one version) to take part in the wedding of a millionaire friend. As local journalists are now joking somberly, apparently the sentimental assistant simply assumed the role of a "proxy father." It is not clear yet how much truth there is to this joke, and whether there is any at all: It will not be easy to find the old connections of the "speech writer...." A highly placed source in the republic Procuracy claims that the arrest of the "speech writer" is not at all associated with his service in the presidential palace. Mr. Krupenev allegedly appended his signature to a sugar credit, which evaporated without a trace in the transoceanic expanse.

Krupenev on Arrest, Appeal

954F2632A Almaty KARAVAN in Russian 23 Jun 95 No 25, p 1

[Open statement from arrested V.P. Krupenev to the Procurator General of the Republic of Kazakhstan: "Vladimir Krupenev: 'My Arrest Is Being Hushed Up by Everyone'"]

[FBIS Translated Text]

From the Preliminary Investigation Facility

In 1993 I worked as assistant to the president of the Republic of Kazakhstan on questions of relations with the mass media. After I left this position, I organized the Kazakhstan-American Gamma-Quantum firm, in which I held the position of one of the vice presidents. The aim of the activity of this firm is to attract substantial investments to the republic to finance important national economic projects.

After a regular business trip to the United States, when I returned to Almaty in April 1995, rumors reached me about the fact that investigative organs allegedly had information concerning abuses by me that I had committed two years ago during my performance of duties as an assistant to the president.

Inasmuch as I felt no guilt whatever, I went to the special procurator on my own initiative in order the clear up the reason for these rumors. This was on 27 April of this year. And from that day, my life abruptly changed. Finding myself under arrest, I now did not return home. I was interrogated twice in the special Procuracy without any kind of explanations; moreover, without the participation of a lawyer, and only afterwards was it disclosed that I was a suspect of abuses and thefts and also of receiving some kinds of bribes.

After a month—on 26 May 1995—I was now charged not with the theft of state resources, but with receiving a bribe in one case. Allegedly my wife received $100,000 from the American MCW firm on 18 October 1993 through the commercial bank of France. In the investigation I categorically denied the indicated charges against me, inasmuch as, in the opinion of N. Zhanabilov, my lawyer, who has already been working in the legal defense sphere for 15 years, the accusation of accepting a bribe is unsubstantiated and, moreover, the payment document itself for this sum was not presented either to me or to my defense lawyer. The investigator refused to present the proof of my guilt. I think that the fact of my arrest itself is illegal, especially as the sanction for my arrest was signed only by B.K. Akkuzov, the deputy special procurator, although on 29 April 1995 Procurator K.Zh. Karbuzov himself was on duty on that day and was holding a conference with my investigator. The justification for my open statement was the fact that my arrest was persistently being hushed up by everyone, although I repeatedly wrote complaints and petitions addressed to the Procurator General, to the Presidential Council, and to the president himself personally. At the present time the period of the sanction for my arrest is coming to an end, but I suspect that the term of my arrest will be prolonged endlessly, given the indifferent attitude toward my fate on the part of the supervisory authorities.

I am a citizen of the Republic of Kazakhstan, and I have dedicated my entire life to this motherland of mine. I hope that my subsequent activity will also be useful to the republic. Instead of this—of urgent work—I have been taken into custody, although I do not intend to hide anywhere and am prepared to await the course of the investigation calmly in order to prove my innocence.

State Position on Karmetkombinat Clarified

954F2639A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 24 Jun 95 p 1

[Statement of the Cabinet of Ministers' press service: "On the Government's Position Regarding Karmetkombinat"]

[FBIS Translated Text] Considering the intense interest on the part of the society and the mass media toward the situation around the Karmetkombinat [Karaganda Metallurgical Combine], the Cabinet of Ministers' press service clarifies the government's position on this issue.

On 19 May 1995, the Goskomimushchestvo [State Committee for the Administration of State Property] signed an agreement to transfer the management of the Karmetkombinat to the SP [joint enterprise] Fest-Alpine-Kazakhstan, whose founders were the Fest-Alpine Intertrading and Butya companies, which divided the share in the paid-in capital in the amount of 1 million tenge equally: 50:50.

In keeping with the agreement, the joint enterprise, to which Karmetkombinat's management was to be transferred for five years, committed itself to improve the combine's financial and economic operations, stabilize and increase the rate and volume of production, and pay off its debts. In keeping with the agreement's terms, SP Fest-Alpine-Kazakhstan was to make available to the Karmetkombinat in June $40 million, which included $30 million to replenish its working capital in keeping with the schedule broken down into 10-day periods.

U.S. Engineering and the Aysenberg [name as transliterated] Group also declared a willingness to sign a similar agreement. However, since the situation at the Karmetkombinat required urgent solution, while the aforementioned companies by that time did not have finalized formal proposals, the government chose to sign an agreement with SP Fest-Alpine-Kazakhstan.

After the agreement was signed, the joint enterprise for two weeks did not take any concrete steps to strengthen the combine's financial position and pay off its debts. Several days after the agreement was signed with SP Fest-Alpine-Kazakhstan, the Aysenberg Group presented to the government its proposals, which were better designed from the standpoint of financing and technical modernization of the enterprise.

A bidding commission was formed by the prime minister's decree to conduct a competitive selection of the submitted proposals. At the commission's meeting, the joint enterprise's management announced a considerable increase in investment and promised to attract $350 million before the end of the year. On 3 June, the commission decided to let SP Fest-Alpine-Kazakhstan keep the management rights on the condition that it would fulfill its obligations under the agreement. However, by that time, the joint enterprise had not transferred the promised funds, which brought up serious doubts as to how realistic was the proposed volume and time frame for the investment. Keeping this in mind, the commission set a condition for the joint enterprise: Transfer the funds before 12 June or present a bank guarantee that the funds are available to transfer $40 million in June as per agreement. The commission decided to give the joint enterprises this opportunity to prove in deed its financial adequacy.

This condition the bidding commission set for the joint enterprise's management was not met, under the pretext that there was no government decree on this matter. At the same time, at the joint enterprise's direction, output worth several million dollars had been shipped from the combine to the Intermetall, Fest-Alpine, and Butya-Impex companies. Thus, without having begun fulfilling its obligations, the managing firm utilized to the full its rights to ship the finished product.

The government's position in this matter has been and remains absolutely clear. If the managing firm believed that it could not fulfill its managing responsibilities without a Cabinet of Ministers' decree, it should not have started actually managing the combine; having done that, however, it was obligated to fulfill the commitment it had undertaken. The government in this case had the opportunity and time to check out the intents and seriousness of the managing firm.

By the end of the first 10-day period of June, as a result of an incorrect marketing strategy and infringement on the interests of the combine's suppliers, the supply flow to the combine—in particular, of coal—had deteriorated, which could result in the coke batteries' failure. In connection with the above, the Goskomimushchestvo was instructed to terminate the contract with the SP Fest-Alpine-Kazakhstan on the grounds of nonfulfillment of obligations with respect to enterprise's financing, which was done on 15 June. However, a number of instances of legally imprecise wording found their way into both the management contract and the cancellation agreement, which now enable the SP management to hype the matter in the mass media.

While blaming the government for the situation, the joint enterprise's management deliberately obscures the main point: The managing companies' activities, not supported by real investment, were leading the combine into a production stoppage, exacerbating the enterprise's already grave financial situation. In this situation, the government could not ignore the fate of the flagship of Kazakhstani industry and its labor collective, numbering in the thousands, and made a decision guided by the economic interests of the society.

Tajikistan

Official Group Returns From PRC Visit

LD2706203395 Dushanbe Radio Tajikistan Network in Tajik 1100 GMT 27 Jun 95

[FBIS Translated Text] An official working group, led by Leninabad Regional Administration Chairman Abdujalil Homidov, yesterday returned from a visit to the People's Republic of China. In the course of a week the group, made up of experts and the heads of the largest enterprises of the region, closely familiarized themselves with the current working processes of large enterprises in the PRC, and reached an accord on cooperation. According to the plan, a return delegation from the PRC will arrive in Leninabad Region within the next few months.

Rakhmanov Demands Improvement in Crime Prevention

LD2706082795 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 27 Jun 95

[FBIS Translated Text] President Emomali Rakhmanov of the Republic of Tajikistan held a meeting yesterday on strengthening the protection of citizens' rights and guaranteeing the rule of law and public order. The meeting was attended by the heads of the power-wielding structures, including Defense Minister Sherali Khayrulloyev, Security Minister Saidamir Zuhurov, First Deputy Interior Minister [Gennadiy] Blinov, and Prosecutor-General Azimov.

The heads of the republic's power-wielding structures reported on the fight against the rise in crime in the country.

A serious and focused discussion took place on toughening the fight against crime and reestablishing the rule of law and public order in the republic.

The president asked tough questions about the low rate of crime detection, and particularly strictly demanded an explanation about the course of investigations into the murder of military personnel, especially Russian military servicemen stationed in Tajikistan.

It was mentioned that one of the reasons for the increase in crime is the illegal possession of arms by residents.

Emomali Rakhmanov ordered the heads of the power-wielding structures of the republic to use all means and powers at their disposal to reestablish the rule of law and public order in Tajikistan as soon as possible.

In addition, the law enforcement agencies are obliged to inform residents regularly about the course of measures being taken to implement the tasks they have been set.

President's Decree Lifts Export Restrictions

LD2806113995 Moscow ITAR-TASS World Service in Russian 0553 GMT 28 Jun 95

[By KHOVAR news agency correspondent Andrey Sidorov]

[FBIS Translated Text] Dushanbe, 28 June (ITAR-TASS) — Quotas and licenses for exporting all goods, output and raw materials, except cotton fiber and aluminum, from the republic, will be abolished in Tajikistan as of 1 July. The president of the republic signed a decree on further liberalization of foreign trade on Tuesday. Simultaneously, the validity of all previously granted benefits on exporting goods, output and raw materials from Tajikistan will be abolished. This is done, the document says, with the purpose of making effective use of the republic's export potential in the conditions of introducing the national currency, strengthening the rate of the Tajik ruble and its convertibility and accumulating money in the form of freely convertible currency.

Government To Adopt Persian as Formal Script

LD2706191995 Tehran IRNA in English 1846 GMT 27 Jun 95

[Item as received]

[FBIS Transcribed Text] Dushanbe, June 27, IRNA — The Tajik Government in an attempt to revive its valuable culture and customs, intends to replace Cyrillic script with Persian.

Tajik minister of culture, Bobokhon Mahmadov in an interview with IRNA reporter said, "detailed programs on expansion of Persian language including replacing Cyrillic with Persian in official corrrespondence, teaching Persian script through television and radio, distribution of Persian educational booklets among people."

"During former Soviet Union's rule, our nation was denied its cultural identity and Tajik nation and and government tries to provide the spiritual ground for present generation" Mahmadov said.

"Every year, the anniversary of approval of Persian language as formal language is celebrated as a national feast, which is an indication of the importance of the language," Tajik cultutre minister added.

Underscoring the necessity of promoting cultural cooperation with Iran, Mahmadov called for taking advantage of Iran's historial and cultural experience and facilities for revival of Tajik identity.

The Tajik minister termed Tehran-Dushanbe cooperation in the areas of exchange of artists, publishing joint publications, holding cultural weeks, publishing joint dictionary and exchanging radio and television programs as the factors for bringing them closer.

Turkmenistan

Iran's Foreign Minister Arrives on Visit

LD2506192995 Tehran IRNA in English 1905 GMT 25 Jun 95

[FBIS Transcribed Text] Tehran, May 25 [date as received], IRNA — Iran's Foreign Minister 'Ali Akbar Velayati arrived in Ashgabat Sunday for participation in the second tripartite assembly of the foreign ministers of Iran, Turkmenistan, and Armenia.

In their meetings in Ashgabat Monday [26 June] and Tuesday the foreign ministers of the three countries are to discuss prospects from tripartite cooperation in banking, transportation, trade, banking [as received], and customs agreement.

A number of ranking Iranian Government officials, among them Majles Deputy Raja'i-Khorasani, and Deputy Foreign Minister for Euro-American Affairs Va'ezi, are accompanying Veleyati in his visit.

Niyazov Meets With Velayati

LD2606114395 Tehran IRIB Television First Program Network in Persian 0930 GMT 26 Jun 95

[FBIS Translated Text] Foreign Minister 'Ali Akbar Velayati, who is in Ashgabat to attend a tripartite meeting of the foreign ministers of Iran, Turkmenistan, and Armenia, met Turkmen President Saparmurad Niyazov this morning and submitted a message from President Hashemi-Rafsanjani.

At the meeting, the Turkmen president stressed that Turkmenistan's policy is based on maintaining strategic and long term ties with the Islamic Republic of Iran and, referring to his upcoming trip to Tehran, he said: Relations between the two countries are now at a level requiring more friendly meetings. The Turkmen president added: We have consistently seen that [various] countries are keen and enthusiastic about expanding and consolidating their ties with the Islamic Republic of Iran as the powerful country of the region, and I wish to underline that no person or country can harm the friendly relations between Tehran and Ashgabat.

The Turkmen president stressed that the Islamic Republic of Iran's active foreign policy in its various bilateral, multilateral, and regional aspects is very successful, turning Iran into an active and effective country in the arena of international relations, and he praised our country's principled approaches and self-assured policies in the face of the pressures exerted against the Islamic Republic of Iran.

The second tripartite meeting of the foreign ministers of Iran, Turkmenistan, and Armenia, aimed at promoting joint cooperation in the fields of economics, commerce, transport, banking, and development and at using the three countries' capabilities, opened in Ashgabat this morning with a speech by the Turkmen vice president and foreign minister.

Foreign Ministers Sign Trilateral Cooperation Accord

LD2706172795 Moscow ITAR-TASS World Service in Russian 1452 GMT 27 Jun 95

[By Anna Kurbanova]

[FBIS Translated Text] Ashgabat, 27 Jun — Trilateral talks between the foreign ministers of Turkmenistan, Armenia, and Iran ended today with the signing of an agreement on trade and economic cooperation. The agreement envisages supplies of goods and services among the three countries and the establishment of a trilateral trading company, and envisages that mutual investments should be made so as to maintain production links between their economies. Armenian Foreign Minister Vahan Papazyan told a news conference that this agreement will help Armenia to implement a mechanism for paying for Turkmen gas.

During the talks, the sides agreed the draft rules of a joint Turkmen-Iranian-Armenian transport and freight-forwarding company and discussed cooperation in the energy sector. Iranian Foreign Minister 'Ali Akbar Velayati told an ITAR-TASS correspondent that his country, like Turkmenistan, intended to export its electricity to Armenia.

The Turkmen, Armenian, and Iranian foreign ministers decided to continue their discussion of trilateral cooperation in the transport and power sectors in Yerevan during the second half of August.

Growth Reported in Foreign Economic Activities

LD2706202695 Ashgabat TURKMEN PRESS in Russian 0831 GMT 27 Jun 95

[FBIS Translated Text] The open door policy purposefully being implemented in Turkmenistan has become the foundation on which the bricks of economic transformations are gradually being laid. A substantial role in this process belongs to foreign economic contacts, which are stimulating the entry of foreign investments into the Turkmen market.

According to preliminary data prepared by the experts of the Ministry of Foreign Economic Relations of Turkmenistan, the most substantial fact in the assessment of the state's foreign economic activities is that, over the first four months of 1995, export indices outstrip the growth of imports to a considerable degree. The overall turnover of goods in this period was worth $1.128 billions, of which $740 million represented exports and only $388 million imports.

Among Turkmenistan's most active partners are Economic Cooperation Council [ECO] and European Union [EU] states. According to the results of the first four months of 1995, foreign trade turnover with ECO countries increased by 10 percent compared with the same period last year. Turkmenistan is exporting products of the fuel and energy sector and cotton fiber to the countries of the region. Equipment for sites being built by Turkish companies is the major import. Moreover, according to the preliminary data, Turkey accounted for about 11 percent of Turkmenistan's total turnover in the first quarter of this year. The specific share of the EU member-countries in the total volume of Turkmenistan's trade grew by 2 percent compared to last year, and came to $130 million. A total of $120 million of this sum represented export of carpets, raw silk, oil products, cotton, and textiles from Turkmenistan. The major imports from these states are textile produce, various plastic articles, tea, coffee, spices, fat, and oil. Switzerland [as received] emerged as the leader in trade links with Turkmenistan in the EU space over the first four months of 1995.

In the first quarter of this year, an increase in trade volumes with the countries of the Americas was also noted. The United States of America takes first place here, as its turnover totalled $25 million. Cotton fiber and oil products were exported to the United States, while light industrial articles and foodstuffs were imported from that country.

Nevertheless, Turkmenistan's most active partners remain the CIS states, as before, with a 70 percent share of Turkmen exports and a 50 percent share of its imports. It should be noted that, compared to the first quarter of 1994, raw silk supplies to these countries increased (by more than 140 percent), and leather raw materials (by more than 90 percent). The basic export is traditionally natural gas.

One of the most characteristic and viable forms of stabilizing foreign economic contacts is the creation of joint ventures. Today, over 270 firms with foreign capital participation are operating in Turkmenistan. A total of 120 firms from 44 countries of the world were cofounders of joint ventures, together with their Turkmen colleagues. The basis of the joint ventures' activities are the production of consumer goods, building materials, engineering output, and foodstuffs, as well as hydrocarbon extraction.

The foreign companies, above all Turkish ones, are most active in construction work. With their assistance, over 200 sites at a total cost of around $3 billion are being built in Turkmenistan today. Moreover, the share of the Turkish investments alone, which are involved in over 90 sites, comes to $600 million.

Uzbekistan

Freedom of Movement Memorandum Signed With U.S.

LD2706185395 Tashkent PRAVDA VOSTOKA in Russian 27 Jun 95 p 3

[Report: "Uzbekistan, United States Agree on Freedom of Movement for Citizens"]

[FBIS Translated Text] Representatives of Uzbekistan and the United States have signed a memorandum in Washington on an agreement broadening the freedom of movement of U.S. citizens visiting Uzbekistan to encompass the whole territory of the republic.

According to a U.S. State Department note, American diplomats and consular officials were given the possibility of free movement throughout the territory of Uzbekistan by a previous memorandum signed in March this year. All other U.S. citizens visiting Uzbekistan had to indicate the places they wanted to visit while travelling through the country, and receive the appropriate permits for visiting them. From now on every American travelling in Uzbekistan may move freely throughout the territory of the country. This means that it is no longer necessary to obtain a visa for visiting each separate town beforehand.

A corresponding free movement regime for citizens of Uzbekistan was envisaged for the whole territory of the United States.

Both the United States and Uzbekistan can refuse citizens of the other side access to military bases, secret installations, or other sites closed to the general public.

No restrictions are established in the memorandum on the visa policy of either side.

Kuchma, Karimov Emphasize Closeness of Views

MM2606154595 Moscow PRAVDA in Russian 24 Jun 95 p 2

[Report by Adilbek Kaipbergenov: "Presidents Reject 'Yugoslav Scenario'"]

[FBIS Translated Text] Tashkent — The traditionally hospitable hosts took L. Kuchma to old Samarkand. In Tashkent the two heads of state signed a declaration about ways of broadening and deepening Uzbek-Ukrainian cooperation as well as a treaty on deepening the two countries' economic integration. Intergovernmental agreements on cooperation in the fields of science and technology, education, tourism, health care, and the battle against crime were also concluded.

The main theme of their one-on-one talks and those conducted with their delegations were the problems of bilateral economic relations.

At the concluding press conference, the heads of state emphasized in every way possible the closeness of their views on the key issues of internal and foreign policy. Both rejected the problem of dual citizenship as a factor causing difficulties in interethnic relations in their countries. Talking about the CIS's future prospects, Islam Karimov and Leonid Kuchma noted that the commonwealth was essential as a form of cooperation for the new states after the USSR's collapse. Otherwise a "Yugoslav scenario" could not be ruled out. The CIS's future depends to a large degree on Russia's policies and its desire to cooperate on equal terms.

Armenia

Chernomyrdin Sends Congratulations on Reactor

NC2806080395 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 27 Jun 95

[FBIS Translated Text] Russian Prime Minister Viktor Chernomyrdin has sent a congratulatory message to Armenian Prime Minister Grant Bagratyan on the activation of the second reactor at the Armenian nuclear plant. On his own and the Russian Government's behalf he wholeheartedly congratulated the Armenian prime minister; Energy and Fuel Minister Miron Shishmanyan; the director of the Armenian Atomic Energy Enterprise, Arkadi Avakyan; the director of the nuclear plant, Suren Azatyan; and the collective working to reoperate the nuclear plant.

The message notes that thanks to the Titanic efforts of the Armenian and Russian specialists in the past two years, and under the most difficult conditions, operations at the nuclear plant could resume, considerably easing the energy crisis in Armenia.

I am sure the fruitful cooperation by Armenia and Russian specialists in the nuclear energy field will ensure the safe and reliable operation of the equipment and systems at the nuclear plant. I wish you and the entire collective continuing success in this indispensable endeavor for the Armenian people, the message adds.

Ghukasyan 'Satisfied' With Helsinki Negotiations

NC2706195495 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0939 GMT 27 Jun 95

[FBIS Transcribed Text] Stepanakert ("Azg", "Golos Armenii" dailies), 06/27/95 — On June 26 RMK [Republic of Mountainous Karabakh] Foreign Minister Arkadi Ghukasyan hold a press conference dedicated to third stage of Armenian-Azeri negotiations which recently finished in Helsinki.

"We have been working in two directions. First was development of the text of Grand Political Agreement, second - detailed discussion of most essential topics. Delegation of the RMK suggested to discuss the problems of security and status of Karabakh, the problem of Armenian refugees departed from Artsakh and Azerbaijan. The Azeri side raised the problem of Lachin and Shushi. The Armenian delegation has not raised any questions, though it was actively participating in discussions", Mr. Ghukasyan said. He rejected information, spread by Azeri media, that negotiations were held with participation of the Armenian and Azeri communities of Mountainous Karabakh. He said that the representative of Azeri community was merely a member of the Azeri delegation, not a separate participant of negotiations. "We could have similarly involved in our delegation, say, Armenians of Getashen, or representatives of Russian or Greek communities of Karabakh", Ghukasyan added.

RMK Foreign Minister said that the positions of the sides on essential problems remain unchanged, therefore, it is too early to speak about any progress now. "We still believe that all political problems should be resolved in one context, not separately", he concluded. "The negotiations were difficult, mainly because the Azeri side disputes conceptual demands of the Karabakh side, attempting to show that the process of returning territories is irreversible", Ghukasyan said.

Chairman Outlines 'Mission' Party Goals

954F2624A Yerevan RESPUBLIKA ARMENIYA in Russian 22 Jun 95 p 3

[Interview with the sculptor Artush Papoyan, chairman of the Arakelutyun Party, by Levon Mutafyan; place and date not given: "The Arakelutyun (Mission) Party. Powerful State and Powerful People"]

[FBIS Translated Text] In accordance with the decision of the Central Election Commission for Elections of Deputies of the National Assembly of the Republic of Armenia of 24 May "On the Procedure of Campaigning of the Candidates for Deputy of the National Assembly of the Republic of Armenia" and the timetable established by the same commission, the newspaper RESPUBLIKA ARMENIYA begins as of today the publication of campaign material of the social and political organizations and associations taking part in the elections according to the proportional principle.

We would mention that the material is made available to the Central Election Commission by the organizations themselves. The newspaper publishes it without any changes.

[Mutafyan] Mr. Papoyan, the number of parties in the republic has today reached several dozen. The Arakelutyun is an instrument of this unique orchestra, which is not too well known to the public. When was the party formed, and what is its program focus?

[Papoyan] The democratic processes, which took the Artsakh movement as a stimulus, truly engendered here with every passing day a growing wave of the multiparty system, which enabled us to escape the one-party system that had been created over the years, which established the diktat of one opinion and one position, and which subordinated everything to communist views. Neither the revival of the traditional parties nor the formation of new ones was an artificial, but a natural and historically necessary phenomenon, thanks to which we achieved the all-around discussion of historical, political, social, and cultural problems, and, it is my profound conviction, the shaping of the basic propositions of a new national policy. The Arakelutyun was born in this tumultuous period of political ferment and formation, in 1991, when the "honor and conscience of the era" had far from lost its influence and when the legend woven around the communist citadel was still intact in many minds. In at the start of the party was a group of Gyumri sponsors of the Artsakh movement, for whom the new party was the main means of testing both themselves and the stream of paths leading to national accord. Our party is individual and unique: While possessing an all-republic "permit," it has recognized as its center Gyumri. Never succumbing to political speculation and the populist pedagogues and rhetorical questions left hanging in the air, which are now just as prevalent, the party recognized as its highest goal national interests and their realization, understanding full well that only the party that aspires to a strengthening of the foundations of the national state, which is the focal point of all national aspirations, and to all-around protection of the rights of the people living in this state, can be viable today. While in its ideological focus and activity a reform-orthodox party, the Arakelutyun selects today criteria of activity that do not loosen but strengthen the unity of the people and the state and that do everything for the sake of the formation of the state, the main support of which are relations formed on a free, democratic foundation.

[Mutafyan] Mr. Papoyan, may the party that you lead be put in the opposition category?

[Papoyan] Any party is in opposition to the trends, mood, and modus operandi which violate the principles of national morality and national perceptions. In opposition to the principles that assert a policy of chaos and need and deny the humanitarian approaches that inspire us. If we are guided by these notions of opposition, which belong, incidentally, to Goethe—one of the greatest humanitarians—we are members of the opposition. An opposition that finds—and not in the name of the realization of some nebulous political dreams, but recognizing this entirely realistically—that it is essential to support in every possible way the adoption of our Basic Law, the Constitution, for only after the adoption of a constitution can we approach all-embracing legislative activity. Only by way of legislative activity can the state be built. Our party defends the idea of the priority of laws in the state.

[Mutafyan] It is known that the Arakelutyun, while based in the republic's second-largest city, is striving for a comprehensive study of the problems of the disaster zone and for their resolution.

[Papoyan] Quite right. The disaster zone is our main task today, inasmuch as tremendous economic, scientific, and cultural potential, thanks to which it would be possible to overcome the difficulties characteristic of the transitional period and strengthen the national economy, is concentrated here. The economy would, in turn, aid the more flexible accomplishment of a number of strategic tasks. But confinement merely to the problems of the disaster zone alone would make our activity extremely monotonous. Added to the problems of the disaster zone are the problems of all of Northern Armenia, which also are of ethnic significance, for there are many ethnic minorities in the region, and economic and cultural questions troubling them are also at the center of our attention. For decades in succession, disrupting regional proportions, we have failed to notice an important problem: Regional policy should ensue from state policy and be an organic part of the powerful structure that is called the Republic of Armenia. We are also considerably concerned about the situation in the border zone and a clarification of the socioeconomic policy that is being pursued here. Our party is called the Arakelutyun—the Mission—and this means that we should today not from the viewpoint of small-town interests but with the conviction and commitment of the vectors of the apostolic mission and with an awareness of all-state interest be doing everything to bring together on the principles of unity the interests of all regions of the Republic of Armenia and combine political and economic problems so that the idea of the formation of a powerful state and a powerful people become truly real.

[Mutafyan] At the pre-election stage, all parties and blocs are presenting programs and promises that are splendid and pleasantly dizzying. These programs at times simply exude eloquence. May your thoughts be taken as a campaign step, when it is necessary to attract constituents' votes?

[Papoyan] These program propositions were born not at the campaign stage. I have already said that we are opposed to all populist manifestations. If we attempt to embellish our election problem, we would hereby be fooling primarily ourselves and betraying the principles that we profess. I have never cared for patches stitched with white thread. Today, when the parties have negotiated a certain path, the time has come to pick up the stones, to look the truth in the face with realistic valor. And we understand full well that only the truth will enable us to achieve success. Our republic is like an organism whose arms, legs, and head are working, but whose heart has not since December 1988 acquired a normal rhythm. The serious heart attack left its traces. And we need to embark on the treatment of this patient as soon as possible; we need to do everything to ensure that our motherland, which has acquired independence, find its true rhythm and that the change for the better that has already been manifested become permanent and authoritative. And it is not inflated programs that are needed for this, but a desire to act. A desire to unite. Our party is not like an actor who, forcing out emotional notes on stage, attempts to create the illusion of sincerity. Sincerity for us is character and feeling. The nucleus of the party is composed of the intelligentsia, and this means that the awareness of national interests is with us far deeper and more realistic.

[Mutafyan] And the final question. How do you see your party's place in the National Assembly?

[Papoyan] I have already said that we will support legislative activity that ensues from the tasks of protection of human rights and the formation of the state. We will be with those who act in accordance with these principles, who move to strengthen the unity of the people and the authorities not from a pose but perfectly consciously, and who are in their activity guided by all-state interests. The National Assembly is not a public meeting area, not an arena for political passions, but an institution that develops the main directions of national policy. It creates the foundation of the state based on the rule of law. If we are elected, we will act in the National Assembly by these basic propositions. If we are successful, we will consider the success general, of the whole people. If we are not, we will not despair. We will continue our work, for we cannot change our position in a day and adapt to the weather like the chameleon....

Azerbaijan

State Adviser Comments on Talks in Washington

NC2706154795 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 27 Jun 95

[FBIS Translated Text] State Adviser on Foreign Affairs Vafa Gulizade, who recently returned from a working visit to the United States, said in an interview to SHARG news agency that during the contacts held at the U.S. State Department and the White House, he and our republic's ambassador to the UK, Mahmud Mamedguliyev, who was accompanying him on the visit, discussed matters relating to strengthening the role of the United States in the resolution of the Nagorno-Karabakh conflict. The development of bilateral ties between the United States and Azerbaijan and the abrogation of Resolution 907 which bans humanitarian assistance to the Republic were also discussed at the talks. Vafa Gulizade said that during the talks they tried to explain that the existence of this resolution is having a negative impact on the position of the United States.

Activities of Iranian 'Missionaries' Cause Concern

NC2806092095 Baku TURAN in English 1147 GMT 27 Jun 95

[FBIS Transcribed Text] Baku (June 27) TURAN — The Democratic Congress expressed his [as received] concern over activization of the activities of Irani missionaries in distribution and propaganda of Islam in Azerbaijan.

"Islam plays an important role in strengthening of relations between Azerbaijan and the Muslim world. However, under the presence of the religious activities the Irani missionaries deal with the propaganda of the Irani state", the statement of the Democratic Congress distributed recently reads.

The statement notes that during the mourning days the religious leaders from Iran organised in Azerbaijan marches with Irani state flags and the pictures of the Irani political and public figures.

The statement also reads that the missionaries also recruit local religious persons for co-operation with some Iran's circles. Due to this fact, the Democratic Congress called for refusal from the services of the foreign missionaries in organisation of religious-enlightenment activities in Azerbaijan. The Congress considered the activities of these forces as interference in internal affairs of the country.

Georgia

Shevardnadze on Azeri Oil Transportation

LD2706215695 Moscow INTERFAX in English 1748 GMT 27 Jun 95

[FBIS Transcribed Text] TBILISI, June 27 (PIA-INTERFAX) — Tbilisi is prepared to eliminate all obstacles in the way of transportation of "early" oil from Azerbaijani offshore oil fields across Georgia.

His press service reports that the Georgian leader Eduard Shevardnadze said so Tuesday [27 June] when he received officials of the international consortium, set up in Baku last fall to develop the Azeri, Chirag and Gyuneshli fields on the Caspian shelf.

The officials briefed Shevardnadze on the results of a joint meeting held in Tbilisi to discuss transportation of Azerbaijani oil to the Black Sea port of Batumi across Georgia.

A Russian option, using the Baku-Groznyy pipeline and then pumping oil to Novorossiysk, the main Russian oil port, was also discussed.

According to the Russian Transneft company, this 700-millimeter pipeline, whose throughput is 17 million tonnes a year, has not been damaged in the Chechnya fighting.

Ardzinba on Talks on Abkhaz Peacekeepers

LD2706203095 Tbilisi SAKINFORM in Russian
1257 GMT 27 Jun 95

[FBIS Translated Excerpt] [no dateline as received] Abkhaz separatist leader Vladislav Ardzinba issued a statement expressing dissatisfaction with the Russian leadership over its position concerning the Abkhaz conflict, Sukhumi-based Abkhaz radio reports. According to Ardzinba, the Georgian side is conducting talks with official Moscow on the deployment of Russian peacekeeping forces on the whole territory of Abkhazia. [passage omitted]

Chechen Terrorist Basayev Reported in Abkhazia

LD2706183095 Moscow INTERFAX in English
1012 GMT 27 Jun 95

[FBIS Transcribed Text] TBILISI, June 27 (INTERFAX) - The IBERIA Georgian news agency on Tuesday [27 June] released information to the effect that Chechen terrorist Shamil Basayev, wanted by the Russian federal authorities, stayed in Abkhazia on June 26.

Georgian Special Services have refused to either confirm or deny the information for INTERFAX

Meanwhile, Deputy Georgian Prime Minister, Chairman of the Supreme Council of the Abkhazian Autonomous Republic Tamaz Nadareishvili said on Tuesday for INTERFAX that he has "verified information on the existence of camps in Abkhazia for training militants, who, after short-term training, are sent to Chechnya," said the deputy prime minister.

He also said that militants wounded in Chechnya are undergoing medical treatment in hospitals located in Gagra and Sukhumi.

Official Outlines Ajarian Economic Reforms

954F2544A Moscow DELOVOY MIR in Russian
8 Jun 95 p 5

[Interview with Zviad Bezhanidze, chairman of the Ajarian Supreme Council commission on economic reforms, budget, and finances, by DELOVOY MIR staff correspondent Irina Dzhorbenadz under the rubric "Banks and Finance"; place and date not given: "Making Course Corrections 'In Flight'"]

[FBIS Translated Text] The character of economic reform in Ajaria is rather interesting. It stands, in a way, apart from the declared all-republic program, does not fit within the framework of the general scenario, and at the same time teaches it a lesson. The Ajarian reform is not being forced artificially but gradually fills the emerging niches. Its correction is being done along the way, and its course, in the words of Zviad Bezhanidze, chairman of the Ajarian Supreme Council's commission of economic reforms, budget, and finances, is being "adjusted in flight."

One could probably argue to what extent such a form is acceptable; however, in the environment of the emerging market and in the absence of impeccable legislative acts—or sometimes in a complete absence thereof—such a model may be justified at a certain stage. It entails less risk; it is less cumbersome; and gives the opportunity to take the road of trial with minimal mistakes. And in general, in Bezhanidze's opinion, it is too early to speak of global economic reform in Ajaria, since the financial system in Georgia as a whole had been paralyzed, and not only did many business structures lack a legal form of legitimacy, but, what is also important, there was no experience of working in foreign markets in new conditions.

"In the end of the 1980's," says Bezhanidze, "Ajaria developed into a center of spontaneous border-zone trade. Middlemen came on the scene, illegal foreign currency business, trade in precious stones and metals. This was a forced but inevitable situation, since historically our economy had been 90 percent oriented toward a foreign market—export of tea and citrus fruit, port services, petroleum processing and refining. The absence of bank clearing, transportation, the lack of knowledge on how to structurally establish ourselves in foreign markets begat a 'stop-and-rush' mode in the economy's operation, and at the time we could not start reforms even on a minuscule scale. Now, however, the ground is ripe for reform activities and time has prompted us to begin it with port operations. Because we found ourselves in reality cut off from the periphery while the port's capacity remained the same (and we at the same time ceased being subordinated to the all-Union structure), we ended up with a sort of a 'headless horseman.' We had to resort to our own resources in building a system of freight-forwarding connections, which, in turn, creates middleman and agent organizations. I cannot say that our partners were quite ready to work this way, but we have gained experience, which will now be replicated elsewhere.

"Another problem is the reform of trade structures in Russia. Market clans have emerged there now, and Georgian organizations in their former form cannot gain entry in them. But we have succeeded in creating our own distribution structures with respect to citrus fruit, and I think this year they will show themselves in action.

"We are creating a tea fund, which brings together as stockholders sovkhozes, tea-leaf processing enterprises, bureaucrats, and entrepreneurs. The latter take upon themselves the financing of tea harvesting and processing and its sales, with the subsequent reimbursement of expenses.

"When Georgia was living through a crisis of the state banking system and worked in what amounted to blockade conditions, we created two large banks—Liberty Bank jointly with the United States and the joint-stock commercial Maritime Bank.

"They were able to accumulate part of the local capital, obtain a general license, and open correspondent accounts in Russian, Turkish, and Jewish banks. The support of major clients—the steamship line, the port, the oil refinery, and others—facilitate Maritime Bank's entry into the foreign market. A banking commission has been formed in Ajaria, which is working on repayment of credit, defines deposit policy, conducts certification, and develops unified standards in banking. At first glance, the group may look like a primitive structure, but its creation was dictated by need. The adoption of the law on Georgian banks is being delayed, and we cannot wait and sit idle. The group's activities over the past few months were fruitful: Credit is being repaid; work began of real estate sales and the system of tax collection. There is generally a lot of vacuum in banking that needs to be filled. In the financial market where our banks operate, there are certain 'gaps,' created by Georgian, Turkish, and Russian legislation. In my opinion, the center of gravity should be moved to Russian and Turkish markets. This will enable us to create joint banks on the territory of Russia and Turkey, close the triangle, and reduce the risk in transfers. The situation in the local market will pick up, because the demand for credit remains high."

In Bezhanidze's opinion, the fate of Ajarian-style reforms should be viewed in the general political context. It will depend to a large extent on the reform in the North Caucasus, the Transcaucasus as a whole, and Central Asia. The situation there will become an indicator of sorts of the Batumi FEZ's [free economic zone] success. Batumi is ready for any scenario of development of events, although almost nobody doubts that the FEZ will be a success. If the FEZ does not get universally legitimized and is not met with understanding, the demand for a civil distribution system will nevertheless remain, in Bezhanidze's opinion, as well as for the niche created by Ajaria's geographic location.

Estonia

Agreement on Territorial Waters Endorsed

LD2706205995 Tallinn Radio Tallinn Network in Estonian 1500 GMT 27 Jun 95

[FBIS Translated Text] Today, the government endorsed an agreement with Finland, under which both countries are obliged to leave a corridor, six nautical miles in width, in the middle of the Gulf of Finland. Neither country should draw its sea border closer to the center of the Gulf of Finland than three nautical miles. According to Prime Minister Tiit Vahi, this rule is in principle in operation even now. The agreement obliges both Estonia and Finland also to inform the other 12 months in advance if it wishes to amend the sea border in the Gulf of Finland.

The official width of the Estonian territorial waters is 12 nautical miles at present. The Finnish territorial waters is four nautical miles in width, but Finland would also like to extend it to 12 nautical miles.

Amendments Adopted to Law on Foreigners

LD2706190095 Tallinn Radio Tallinn Network in Estonian 1100 GMT 27 Jun 95

[FBIS Translated Text] Today, the Riigikogu amended the law on foreigners so that the government gained the right to establish a special procedure for submitting residency permit applications by those non-citizens who have not done this by 12 July.

The government will have four months from 12 July to set the special procedure. The amended law does not stipulate any restrictions to be imposed by the special procedure.

The opposition refused to take part in the final vote on the law and left the hall. After the opposition left, 57 deputies voted in favor and one against the amendments to the law on foreigners.

According to the amended law, non-citizens who submit application for residency and work permits before the 12 July deadline will receive a temporary residency permit for a maximum of five years. They will also retain all rights and obligations stipulated by previous legislation.

Those non-citizens who do not submit applications for residency or work permits before 12 July, will also retain all rights and obligations stipulated by earlier legislation but for a period of no longer than three years.

Defense Force Commander on Strategy Issues

LD2806105295 Tallinn Radio Tallinn Network in Estonian 0800 GMT 28 Jun 95

[FBIS Translated Text] In the case of war, the Estonian Army will fight the enemy in rural areas and not in towns. This was stated in an interview yesterday by Lieutenant General Aleksander Einseln, commander of Estonia's defense forces, to TV channel Reklaamitelevisioon.

Einseln said that if a war like the one in Chechnya begins in Estonia, there will be nothing left of Estonia. He added that, should military action begin, his priority would be the survival of the Estonian nation.

Lt. Gen. Einseln has issued an order, according to which the Estonian defense troops must automatically begin counteraction when aggression against Estonia begins.

As the biggest threats to Estonia, Einseln named the corruption in the state and the fact that 40 percent of Estonia's population is made up of national minorities. Only in third place Einseln named a military threat from abroad. Einseln reiterated that economic constraints will never allow Estonia to have an expensive and modern army.

Vahi on Cabinet Desire To Cut Spending

WS2806083395 Tallinn BNS in English 1600 GMT 27 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 27 (BNS) — Ways of cutting down spending of the government apparatus are discussed at almost every meeting of the Cabinet, Prime Minister Tiit Vahi told BNS.

"For the next year we are offering to the government departments a so-called zero budget," Vahi said, explaining that the zero budget meant a 13-14 percent increase over the budget for this year. "This must make them save money," he added.

The 13-14 percent rise in funding for governmental departments compares to a planned 16 percent rise in the state budget for 1996. "This may be less than the inflation rate," Vahi added.

Vahi also said it was not right that the country had issued stronger than usual social guarantees to some categories of state officials. He said a regulation was in its draft stage which would allow no one else than the government itself issue to state officials social guarantees other than those laid out in the law on labor contracts.

Latvia

NATO Commander Joulwan Arrives in Riga

LD2806094095 Moscow ITAR-TASS in English 0802 GMT 28 Jun 95

[By Galina Kuchina]

[FBIS Transcribed Text] RIGA, June 28 (ITAR-TASS) — Commander-in-chief of NATO forces in Europe General George Joulwan arrived in Riga today. His visit is aimed at familarizing himself with armed forces of Latvia which is striving for joining the North Atlantic Alliance. His three-day visit programme includes a meeting with the President and Prime minister of Latvia, at which discussions are expected to be held on problems of Nato's expansion and the prospects of the Baltic states joining the alliance.

General Joulwan will visit the National Defence Academy of Latvia and will inspect the "Baltbat" peacekeeping batallion in which armed forces personnel of the Baltic states are undergoing training. George Joulwan will also hold talks with the Danish ambassador in Riga. Denmark is training the "Baltbat" for its peacekeeping mission in Croatia. If the Latvian parliament approves an appropriate decision, the Latvian "blue helmets" will leave for the Balkans the coming autumn.

Latvia Named as Main Conduit of Arms to Russia

LD2706212095 Riga Radio Riga Network in Latvian 1600 GMT 27 Jun 95

[FBIS Translated Text] Dailis Luks, deputy head of the Latvian criminal police, confirmed today BNS information that Latvia is becoming the main channel in the transportation of arms to Russia. However, he could not mention specific instances and figures at the disposal of the police, which would illustrate the extent of such deals.

Weapons and explosives are illegally brought into Latvia mainly from Estonia and are sent to Moscow. Russian army officers have to be thanked, in inverted commas, for huge stocks of weapons and ammunition which are currently in the Baltic states, because on departing they were selling them for a bottle of vodka to local residents and criminal structures. However, weapons are also brought in from other countries.

Baltic Accord on Illegal Immigrants Approved

LD2706211695 Riga Radio Riga Network in Latvian 1600 GMT 27 Jun 95

[FBIS Translated Text] A government session today approved an agreement among the Latvian, Lithuanian, and Estonian Governments on accepting back those persons who are staying illegally on each other's territory. It provides that each of the signatories to the agreement will take its citizens illegally staying on the territory of one or another country back without any formalities. Each Baltic state also undertakes to take back those foreigners and persons without citizenship who crossing its external border have entered it illegally and are staying illegally on the territory of another signatory to the agreement.

The agreement also includes several other norms and is scheduled for signing in Vilnius on 30 June at a meeting of the prime ministers of the three Baltic states.

Lithuania

NATO Commander Impressed by Army 'Enthusiasm'

LD2806101395 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 28 Jun 95

[FBIS Translated Excerpt] General George Joulwan, NATO Supreme Allied Commander Europe, met Adolfas Slezevicius, Lithuanian president and prime minister, today. Today is the last day of Gen. Joulwan's visit to Lithuania.

Answering a question at a news conference in Vilnius as to when Lithuania can become a member of NATO, Gen. Joulwan said that so far, the issue is being debated by politicians. Lithuania should do its best by taking part in the Partnership for Peace program, Gen. Joulwan added.

The general said he was fascinated by the enthusiasm and good spirit of Lithuanian army officers and soldiers, which bodes well for cooperation with NATO.

Answering a question by Lithuanian reporters concering the reaction of any NATO country if its airspace were to be continuously violated by military aircraft of another country, Gen. Joulwan said that every country should give its very own answer to this question. He noted that he is not familiar with this problem of Lithuania. [passage omitted]

Joulwan: NATO No Threat to Russia

LD2806121795 Moscow INTERFAX in English 1016 GMT 28 Jun 95

[FBIS Transcribed Text] VILNIUS, June 28 (INTERFAX) — NATO's expansion eastwards does not pose any threat to Russia, Commander-in-Chief of NATO Allied Forces in Europe General George Joulwan, on a visit to Lithuania, declared at a press conference in Vilnius Tuesday evening [27 June].

Having noted that the Russian Federation has signed a document on its participation in NATO's Partnership for Peace program, Joulwan expressed the hope that "Russia, along with other European countries, will participate in creating a democratic and free Europe, strengthening an atmosphere of confidence, security, and stability."

Asked when Lithuania can be admitted as a NATO member, Joulwan has not named any specific date but noted that "a positive process of a joint cooperation is necessary for this."

Responding to INTERFAX on what may be NATO's reaction if a military threat to Lithuania is posed, Joulwan answered: "We shall do our best to prevent such a situation."

On Wednesday Joulwan plans to meet with Lithuanian President Algirdas Brazauskas and Prime Minister Adolfas Slezevicius.

In the afternoon of June 28 Joulwan will fly to Latvia. He will get acquainted with the activities of Latvia's armed forces, visit the training center of the Baltic peacekeeping battalion in the village of Adaji, near Riga, and negotiate with Latvian President Guntis Ulmanis and Prime Minister and Defense Minister Maris Gailis, the press center of the Defense Ministry told INTERFAX.

The negotiations will focus on Latvia's admittance to NATO.

Brazauskas on Cannes Summit, Entry to EU

LD2806101595

[FBIS Editorial Report] Vilnius Radio Vilnius Network in Lithuanian at 0730 GMT on 28 June carries a live, 48-minute news conference with President Algirdas Brazauskas in Vilnius following the 26-27 June Cannes summit.

Answering a question on whether he was inspired or disappointed by his meetings with EU leaders, Brazauskas says, "I am neither an optimist nor pessimist; I am somewhere in the middle, so to speak."

Speaking on a lack of guarantees at the summit for EU entry for Lithuania, he says: "It never happens just like that: leaders of fifteen states gather together and tell the other ten or eleven countries — Look, we guarantee that everything will be all right, we will admit you, we will provide you with everything you need, and we will finance you. Such things never happen in diplomatic life."

Brazauskas urges Lithuania to take responsibility for EU entry: "Developments in our country will depend entirely on ourselves; that's what I would like to stress. Acquiring full EU membership may take five years, it may take ten years. It may well take, say, fifteen years, if things here are a mess, if we revise the main direction of our economic and social reforms, if new political forces come here after elections and start breaking everything apart and turning everything backwards, both economically and politically — then, of course, we will make no headway. Although there is still plenty of time left before elections and I have no intentions to campaign now, the people who come to vote should consider this matter very seriously."

President Brazauskas also reviews the agenda of the Cannes summit and the issues discussed there.

Foreign Ministry Protests to Latvia on Oil Talks

LD2706200195 Moscow ITAR-TASS in English 1356 GMT 27 Jun 95

[By Vladas Burbulis]

[FBIS Transcribed Text] Vilnius, June 27 (ITAR-TASS) — The Ministry of Foreign Affairs of Lithuania has sent a note to Latvia's Foreign ministry to protest Riga's talks with companies in third countries on the possible production of oil from the Baltic seabed, Lithuanian National radio said today.

Vilnius was angered by the talks because they referred to a disputed area which is the subject of negotiations between Lithuania and Latvia.

Deputy Foreign Minister Rimantas Sidlauskas, who is chairman of the state committee for the certification of the Lithuanian borders on land and in the Baltic Sea economic zone, announced that Lithuania called "unlawful" Latvia's actions. According to him, Vilnius finds it impossible to continue discussing the draft agreement on the sea border between the two countries prepared by Latvia and handed over on June 8 because "the spirit of negotiations has been disrupted."

Lithuania presented its note of protest to Latvia after receiving word that last week, the state secretary of the Latvian Economics Ministry Inesis Feiferis announced about a round of talks with two companies from the United States and Sweden on the possibility of oil extraction from the seabed in the Baltics.

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